

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

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

June 9, 2021 – 9:00 a.m.

This meeting will be held via videoconference 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.

Instructions for watching the meeting and/or providing public comment, as well as the links for access, are available on the [Watch & Attend Meetings](https://www.mcera.org/retirementboard/agendas-minutes/watchmeetings) page of MCERA's website. Please visit <https://www.mcera.org/retirementboard/agendas-minutes/watchmeetings> for more information.

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

May 5, 2021 Board meeting
April 27-28, 2021 Strategic Workshop

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. BOARD OF RETIREMENT MATTERS

1. Administrator's Report
 - a. Administrator's Update
 - b. Staffing Update
 - c. Facility Use Report
 - d. Future Meetings
 - June 16, 2021 Investment Committee
 - July 7, 2021 Audit Committee
 - July 14, 2021 Board
2. Standing Committee Reports
 - a. Finance and Risk Management Committee
 1. Administrative Budget Fiscal Year 2020/21 Quarterly Review

Consider and review expenses for quarter ending March 31, 2021
 2. Non-budgeted Expenses

Consider and review non-budgeted expenses for the quarter
 3. Quarterly Checklist

Consider, review and updates on the following:

 - a. MCERA educational and event-related expenses
 - b. Continuing Trustee Education Log
 - c. Other expenses per Checklist Guidelines
 - d. Variances in the MCERA administrative budget in excess of 10%
 - e. Vendor services provided to MCERA
 - f. MCERA staffing status
 - g. Internal controls, compliance activities and capital calls
 - h. Audits, examinations, investigations or inquiries from governmental agencies
 - i. Other items from the Administrator related to risk and finance
 4. Administrative Budget for Fiscal Year 2021/22 (Action)

Consider and take possible action on Finance and Risk Management Committee's recommendation to adopt administrative budget for the next fiscal year
 5. Cash Management

Consider and discuss cash management process
 6. Annual Audit of Financial Statements Update

Update on audit process
3. Trustee Comments
 - a. Educational Training: Reports by Trustees and Staff
 - b. Other Comments

C. NEW BUSINESS

1. Election to fill Board Officer Vacancy (Action)
Consider and take possible action on nominations for Vice Chair
2. MCERA's Funding Policy
Consider and discuss the potential development of a standalone Funding Policy for MCERA
3. Future Meetings
Consider and discuss agenda items for future meetings

D. OTHER INFORMATION

1. Training Calendar (Action)

E. 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 are a person with a disability and require an accommodation to participate in a County program, service, or activity, requests may be made by calling (415) 473-4381 (Voice), Dial 711 for CA Relay, or by email at least five business days in advance of the event. We will do our best to fulfill requests received with less than five business days' notice. Copies of documents are available in alternative formats upon request.

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

For consideration at June Board meeting

MINUTES

REGULAR BOARD MEETING

MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION (MCERA)

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

May 5, 2021 – 9:00 a.m.

This meeting was held via videoconference 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 and provide comment through Zoom.

EVENT CALENDAR

9 a.m. Regular Board Meeting

CALL TO ORDER

Chair Silberstein called the meeting to order at 9:11 a.m.

ROLL CALL

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

ABSENT: Cooper

MINUTES

It was M/S Block/Gladstern to approve the April 14, 2021 Board Meeting Minutes as submitted. The motion was approved by a vote of 9-0 as follows:

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

A. OPEN TIME FOR PUBLIC EXPRESSION

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For consideration at June Board meeting

taken by the Board concerning a non-agenda item. Members of the Board may (1) briefly respond to statements made or questions posed by persons addressing the Board, (2) ask a question for clarification, or (3) provide a reference to staff for factual information.

No members of the public provided comment.

B. BOARD OF RETIREMENT MATTERS

1. Administrator's Report

a. Administrator's Update

Retirement Administrator Jeff Wickman reported staff discovered an error in the calculation of the April cost of living adjustment (COLA). The error impacted the benefit paid to approximately 330 retirees, resulting in their COLA being underpaid. The correct COLA will be applied beginning with the May payroll. The May benefit will also include the additional dollars that should have been paid in April.

The problem was not caused by the benefit system (CPAS). For the banking feature to work correctly, the COLA process must be run using a date of April 1st. This allows the system to properly use any previously banked amount to bring the current COLA up to the retiree's maximum allowable amount and to add any new amount from that year's CPI that was more than maximum COLA. Staff discovered that instead of running the COLA process using April 1, staff had been running the process using March 31. Because the time frame was not the expected full year (April to April) the system did not appropriately adjust retiree COLA banks. The same situation happened in 2018, 2019, and 2020 but was not noticed because the CPI growth was high enough that banks were unnecessary in each of those years. This year the 330 impacted retirees should have had a COLA bank sufficient to bring them up to their maximum. As a result, the April 2021 COLA is short by 0.5%, 1.5% or 2.5% for the impacted group.

Staff will be sending a letter to each retiree explaining the error and our plan for correction. We've put additional steps in place to validate the COLA amounts prior to running payroll, including new reports that CPAS helped construct. Responding to Trustee Werby's inquiry on who discovered the error, the Administrator said staff did.

Staff is in the process of starting the election for the vacant 3rd Member position. Nominations will be available May 26, 2021 and must be returned by June 9, 2021. Ballots will be mailed on June 25, 2021 if there is more than one candidate. Voted ballots are due on July 30, 2021.

For the 8th Retired and Alternate Retired Member position election, nominations will be available May 26, 2021 and must be returned by June 9, 2021. If either incumbent fails to file a nomination petition by then, the due date will be extended to June 16, 2021. If there is more than one candidate for a position, ballots will be mailed on June 25, 2021. Voted ballots are due on July 30, 2021.

This week the Administrator had a conference call with the audio/visual vendor to consider modifications to the Board chambers. He said the room needs to be upgraded

For consideration at June Board meeting

because some of the equipment, which is more than 13 years old, is no longer working properly. In addition, the room is not equipped to broadcast meetings so the public can continue to watch online even after in person meetings are resumed.

b. Staffing Update

No staffing update to report.

c. Facility Use Report

No facility use in the period.

d. Future Meetings

- May 19, 2021 Finance and Risk Management Committee
- June 9, 2021 Board
- June 16, 2021 Investment Committee

2. Standing Committee Reports

a. Governance Committee

1. Proxy Voting

a. Proxy Voting Reports

Proxy voting records of public equity managers for December 31, 2020

Governance Committee member Maya Gladstern reported on Committee activity in place of Chair Cooper. She reported the Committee reviewed proxy voting reports for the last half of 2020. Dimensional Fund Advisors (DFA) continues voting for pay packages being reviewed every three years and State Street continues abstaining. As of March 1, 2021 Institutional Shareholder Services (ISS) will vote proxies for the DFA and State Street portfolios in accordance with the Public Fund Policy recommendations.

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

Review and discuss the ISS quarterly Risk Assessment Report

The Governance Risk Report for the fourth quarter of 2020 listed holdings deemed high risk due to lacking enough independent directors and having related party transactions. These are in either the Parametric or S&P 500 portfolios. Parametric had the most votes against management recommendations, and Dimensional Fund Advisors voted against management slightly more times than in the past.

3. Retirement Board Priorities Setting Process

Discussion of current processes for setting priorities and consideration of potential updates to same

As requested by the Board at the October 2020 Strategic Workshop, the Retirement Administrator reviewed the current process for capturing ideas from Board members and setting priorities. Ideas are captured at Board, Committee and Workshop

For consideration at June Board meeting

meetings through formal and informal processes, and through setting annual objectives for the Retirement Administrator. Ideas are also captured during annual presentations like the Actuarial Valuation, Financial Statements and Capital Markets Update. The preference of the Governance Committee was to retain the status quo and ensure that trustee orientation includes an explanation of how to provide input on ideas that the Board may want to consider.

4. Existing Policies – Standard Review with Proposed Updates

a. Policy Regarding Adoption of Economic Actuarial Assumptions (Action)

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

Updates to the Policy Regarding Adoption of Economic Actuarial Assumptions align phrasing with the Experience Study and use the term discount rate.

The Governance Committee recommends that the Board adopt updates to the Policy Regarding Adoption of Economic Actuarial Assumptions as submitted. The motion was approved by a vote of 9-0 as follows:

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

b. Conflict of Interest Code (Action)

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

Conflict of Interest Code updates increase the gift limit to \$520, add separate disclosures for private debt managers, and modify the Form 700 filing process.

The Governance Committee recommends that the Board adopt updates to the Conflict of Interest Code as submitted. The motion was approved by a vote of 9-0 as follows:

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

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

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

Election and Duties of Board Officer Policy updates provide for the Board Chair to communicate with the Retirement Administrator on topics implicating prudent administration and governance.

For consideration at June Board meeting

The Governance Committee recommends that the Board adopt updates to the Election and Duties of Board Officers Policy as submitted. The motion was approved by a vote of 9-0 as follows:

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

d. Class Action Securities Litigation Policy (Action)

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

Updates to the Class Action Securities Litigation Policy remove a duplicative provision on reporting to the Board.

The Governance Committee recommends that the Board adopt updates to the Class Action Securities Litigation Policy as submitted. The motion was approved by a vote of 9-0 as follows:

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

e. Policy re Actuarial Equivalence Determinations for Modified Retirement and Survivor Allowances (Action)

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

Updates to the Policy Regarding Actuarial Equivalence Determinations for Modified Retirement and Survivor Allowances align with the actuary's recommendations in the 2020 Experience Study that were adopted by the Board.

The Governance Committee recommends that the Board adopt updates to the Policy re Actuarial Equivalence Determinations for Modified Retirement and Survivor Allowances as submitted. The motion was approved by a vote of 9-0 as follows:

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

f. Placement Agent Payment Disclosure Policy (Action)

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

For consideration at June Board meeting

Updates to the Placement Agent Payment Disclosure Policy acknowledge MCERA receives separate disclosures from private debt managers based on contractual arrangements.

The Governance Committee recommends that the Board adopt updates to the Placement Agent Payment Disclosure Policy as submitted. The motion was approved by a vote of 9-0 as follows:

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

5. Existing Policies – Standard Review without Proposed Updates

The Governance Committee recommends that the Board accept the review of the policies listed below in Agenda Items B.2.a.5.a-g.

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

- a. Accessibility of Records Policy (Action)
Consider possible action on Governance Committee recommendation to accept policy review
- b. Budget Policy and Adoption Process (Action)
Consider possible action on Governance Committee recommendation to accept policy review
- c. Disability Retirement and Survivor Benefits Applications Policy (Action)
Consider possible action on Governance Committee recommendation to accept policy review
- d. Investment Code of Conduct and Insider Trading Policy (Action)
Consider possible action on Governance Committee recommendation to accept policy review
- e. Reciprocal Members' Final Compensation Determinations Policy (Action)
Consider possible action on Governance Committee recommendation to accept policy review
- f. Retirement Administrator Annual Performance Evaluation Policy (Action)
Consider possible action on Governance Committee recommendation to accept policy review
- g. Senior Management Contingency Plan Policy (Action)
Consider possible action on Governance Committee recommendation to accept policy review

For consideration at June Board meeting

Deliberations were directed to Agenda Item B.3.b, Trustee Comments, Other Comments.

3. Trustee Comments

b. Other Comments

No other comments by the trustees.

C. NEW BUSINESS

1. Emerging Markets Manager Interviews (TIME CERTAIN: 9:30 a.m.)

Conduct interviews with potential emerging markets equity managers.

a. Manager Overview – Jim Callahan, President, Callan LLC

Jim Callahan, President of Callan LLC, introduced Artisan Partners, Fidelity Institutional Asset Management, and Wellington Management Company for interviews on their emerging markets strategies.

b. Artisan Partners Limited Partnership – 9:30 a.m. – Sustainable Emerging Markets – Maria Negrete-Gruson, Sean McCoy

Sean McCoy, Managing Director and Business Leader for the Artisan Partners Sustainable Emerging Markets strategy, introduced Maria Negrete-Gruson, the founding Portfolio Manager of the strategy. Mr. McCoy stated the Artisan value proposition is focus, resources and alignment. Sustainable Emerging Markets is the sole emerging markets strategy, and Artisan ensures portfolio teams have the necessary resources. The investment team is stable and invests in the strategy to align interests with clients. The Sustainable Emerging Markets strategy employs a proven process that integrates sustainability.

Ms. Negrete-Gruson highlighted the experience of the emerging markets team, which includes lessons learned from past cycles of the asset class. She said the team is small which facilitates communication and is very targeted in researching companies. Noting there is growth and volatility in emerging markets, Ms. Negrete-Gruson said analysts are looking for companies that can endure the realities and are sustainable as to earnings. Competitive advantage is assessed, and an in-depth financial analysis is conducted. A sense of earning power determines the valuation. Governance is critical in developing an opinion on companies. Country risk is considered as a top down quantitative model that factors in whether there is improvement in conditions. The approach to Environmental, Social and Governance (ESG) is quantitative and qualitative. The number of incidents a company has had affects a company's favorability, and companies are given credit for improving going forward.

Ms. Negrete-Gruson discussed an example of a retail company that thrives on crisis, grows market share, and understands its customers. She stated the portfolio tends to be overweight in small cap stocks because they are more attractive. She noted the emerging markets benchmark is restrictive and China-centric. Artisan looks at emerging markets more broadly through bottom-up stock selection. As a result China is underweight due in part to large companies owned by China failing on ESG ratings.

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Stock selection, not under or overweights, drives performance, the Portfolio Manager said.

Trustee Werby asked about recent returns being much improved. Ms. Negrete-Gruson explained the 2011 market environment did not reward their strategy. Since then the assessment methodology has become more forward looking and country risk assessment has become more precise. Chair Silberstein asked about the structure and purpose of the new Commingled Investment Trust (CIT). Ms. Negrete-Gruson said the CIT accommodates ERISA clients to provide more transparency. Mr. Callahan asked about any limitations around the new vehicle. Mr. McCoy replied the founders fee is 60 basis points and is locked in as an incentive to early adopters.

Trustee Gladstern asked about investing in China. Ms. Negrete-Gruson said China is an important economy whose explosive growth has become challenging. One, because it is state-owned it comes with a lack of transparency; this is called 'Old China'. There are new private companies in 'New China' with good business models that are held accountable for being sustainable.

In summary, Mr. McCoy stated the portfolio has a smaller composition with lower turnover than the benchmark, which is a function of the investment team's ability to research good companies. Risk is moderate for the portfolio, and enhancements led to outperformance over the past six years which is evidence of consistency.

c. Fidelity Institutional Asset Management – 10:00 a.m. – FIAM Select Emerging Markets Equity – John Chow, Arthur Greenwood

Art Greenwood, Senior Vice President and Sales Relationship Manager with Fidelity Institutional Asset Management (FIAM), introduced John Chow, Portfolio Manager of the Select Emerging Markets Equity strategy. Mr. Greenwood spoke to the depth of FIAM's research capability and disciplined, repeatable investment process. Risk and return come from fundamental stock selection, and there are quantitative risk guardrails that include allocations aligning with the benchmark.

Mr. Chow emphasized the importance of research resources including local analysts for the emerging markets strategy. Weekly investment team meetings cover macro items such as corporate governance, which is a key concern, and assessing accounting practices. Mr. Chow stated over the last two years FIAM has formalized its ESG analysis. He said paying attention to ESG issues, including evidence of improving behavior, will mitigate risk and informs the Portfolio Manager's position sizing.

Mr. Chow said the strategy has consistent beta neutral returns and a portfolio position that aligns with the benchmark. The team employs evidence-based decision making in analyzing companies to harvest analysts' stock picking skills efficiently. Research analysts' stock ratings from strong buy to strong sell are differentiated by price targets according to the conviction level of the analyst. Mr. Chow discussed portfolio holdings including mining and water recycling firms and presented top overweight and underweight positions.

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In conclusion, Mr. Chow pointed out that guardrails for the strategy include target allocations which keep tracking error low. He stated the strategy is driven by a repeatable investment process. Mr. Hoy, Vice President with Callan's Global Manager Research group, asked about qualitative and quantitative processes. Mr. Chow said what drives the portfolio forward is research and there is considerable monitoring using quantitative technology. Trustee Gladstern asked if the portfolio is always aligned with the benchmark. Mr. Chow replied yes, saying it is not good to deviate from the benchmark. He said there are countries where there are no viable investments and there are numerous ideas coming from China.

Trustee Block asked about the scope of analysts' coverage and quality control as to optimized information. Trustee Block also asked if the degree of correlation of Europe, Australasia, and Far East (EAFE) markets with the S&P 500 is decoupling. In response, Mr. Chow said there are global analysts who also rate emerging market stocks. As to quality control, analysts have extensive training and must defend their thesis in group settings. As to the correlation of emerging markets with other markets, there is a trend toward decoupling of the economies that will be a slow process. Mr. Callahan inquired about fees and Mr. Greenwood said the commingled pool fee is 57 basis points.

d. Wellington Management Company, LLP – 10:40 a.m. – Emerging Markets Research Equity – Mary Pryshlak, Claire Lewis, Matthew McLaughlin, Akin Greville

Matt McLaughlin, Vice President and Relationship Manager with Wellington Management Company LLP, introduced Mary Pryshlak, Senior Managing Director and Head of Investment Research, Claire Lewis, Vice President and Investment Director, and Akin Greville, Managing Director and Business Development Manager who works with west coast clients.

Mr. Greville stated the Wellington team takes a thoughtful and repeatable approach to emerging markets. He said the Emerging Markets Research Equity strategy is highly diversified and emphasized the low turnover of the investment team. Ms. Lewis added the investment team uses bottom up fundamental analysis to build the emerging markets portfolio in an industry-neutral way. Stock selection drives results, she said, and the seasoned investment team of eleven individuals has no key man risk. She explained the strategy is a core style with diversification across value and growth.

Ms. Lewis discussed how portfolios come together. Each analyst has their own method of analyzing opportunities, and a quarterly rebalancing process ensures there are no industry or style tilts. Including risk management and oversight the overall tracking error is less than the individual tracking error of the analysts. The goal is to generate 250 basis points of gross alpha with relatively less risk over time.

Trustee Werby asked about periods of underperformance and Ms. Lewis replied the third quarter of 2018 was the start of escalating tension due to trade wars when the portfolio struggled. The investment team was determined to maintain exposure through difficult markets. She said she would expect the portfolio to underperform in difficult periods such as the first quarter of 2020 at the height of the pandemic.

Mr. McLaughlin underscored that the strategy provides a consistent core exposure to emerging markets. Ms. Pryshlak added Wellington has a dedicated ESG team working closely with global industry analysts. She noted that Asia is an area of focus and analysts are informed on ESG issues. Corporate governance is scrutinized on diversity and risk oversight, for example, and engagement is employed to drive improvements. Trustee Werby asked about companies in China. Ms. Pryshlak replied the decision on each company is up to the global industry analyst. She said in one case a company was sidelined due to governance issues, including opaque accounting that overstated profitability.

Chair Silberstein asked about Wellington's relationship with Vanguard and Mr. McLaughlin replied that Wellington subadvises some of Vanguard's funds. In conclusion, Mr. McLaughlin stated the Emerging Markets Research Equity Core portfolio has more large cap stocks which eliminates the bottom of the small cap space. The investment fee is 60 basis point. Wellington takes capacity seriously in order to deliver returns, he said.

2. Emerging Markets Manager Selection (Action)

Mr. Callahan said the biggest contrast is between Artisan and the other two emerging markets managers. Fidelity and Wellington are more similar in using deep research with constraints to align with the market based on their analyst's best ideas. The Artisan emerging markets portfolio is more concentrated with lower turnover and more deviations from the benchmark.

Pricing is attractive for all three managers, Mr. Callahan said, and new vehicles have attractive fees. Ms. Heaphy said Parametric's transaction fee for withdrawals can be avoided by phasing out in three tranches across 10-day periods. The trigger is 10% of the value of the Parametric fund which will be recalculated during the phaseout.

Trustee Given noted the Parametric emerging markets portfolio is more mid-to-small value oriented, and the prospective managers have a more growth orientation. Mr. Callahan noted the original search included an array of strategies and these are the three the Board selected. Trustee Klein asked if Ant is in the FIAM emerging markets portfolio and Mr. Hoy said no. Trustee Klein asked if Artisan's relative underweight to China and overweight to the U.S. is the same problem as with Parametric. Mr. Callahan replied Artisan has performed well in spite of the China underweight which speaks to their stock selection.

Trustee Block expressed his reservations about emerging markets investments. He asked if Fidelity, like Wellington, is focused on industry-based stock selection. Mr. Hoy said Fidelity has a smaller group of specialists who have the goal of finding the best ideas. He said while the two teams are different, both are industry focused and very highly respected as some of the top in the industry. Mr. Callahan added both have depth across the globe to capture emerging market ideas. He presented a breakdown of analyst coverage that is primarily by sector. Trustee Block pointed out that Wellington has better performance over 5 years. Mr. Callahan noted all three managers have outperformed the emerging markets index, and Artisan has the lowest return of the three over five years.

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Trustee Silberstein asked about the smaller number of analysts at Artisan as to risk going forward. Mr. Hoy said that is a fair characterization and agreed there is more risk due to the smaller Artisan investment team and its key person risk. Trustee Gladstern voiced a preference for Artisan with its small, diverse, multilingual team. She was impressed with their presentation. Trustee Given supported her view and liked Artisan's approach to China. Trustee Block said based on performance he prefers Wellington as a stronger and more reliable manager. Trustee Klein supported this view, highlighting the key person risk with Artisan.

It was M/S Block/Klein to select Wellington Management Company to manage the Emerging Markets Research Equity Core portfolio. The motion failed by a vote of 4-5 as follows:

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

It was M/S Gladstern/Given to select Artisan Partners to manage the Sustainable Emerging Markets portfolio.

Trustee Werby observed the Artisan emerging markets portfolio has lower performance than the other two emerging markets portfolios over the last several years and the last quarter.

The motion failed by a vote of 3-6 as follows:

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

It was M/S Block/Klein to select Fidelity Institutional Asset Management to manage the FIAM Select Emerging Markets Equity portfolio. The motion was approved by a vote of 8-1 as follows:

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

3. Future Meetings

Consider and discuss agenda items for future meetings.

Trustee Block said the lack of a funding policy is a significant deficiency in MCERA's governance that should be addressed. He said funding practices are in the Experience Study, which assumes a funding policy other than past practice. Board Counsel Ashley Dunning stated that the Board's adoption of the Experience Study and annual Actuarial Valuation represent its setting of MCERA's funding policies, along with other actions the

For consideration at June Board meeting

Board has taken on this topic. She said the matter can be discussed at a future meeting when it is agendized.

Trustee Werby asked about the vacant Vice Chair officer position which Mr. Wickman said will be elected at the Board's June meeting.

Chair Silberstein directed deliberations to **Agenda Item B.3.a, Educational Training: Reports by Trustees and Staff.**

Trustee Comments continued.

a. Educational Training: Reports by Trustees and Staff

Mr. Wickman reported that Vladimir Matyurin attended the CalAPRS Information Technology Round Table. Assistant Retirement Administrator Michelle Hardesty said the majority of the discussion was on remote work and taking too long to establish related equipment. Several peer pension systems have implemented new benefit management systems, and all systems need to revamp audio/visual systems in Board rooms. Ms. Hardesty will follow up on the disaster recovery discussion. Systems are still retaining paper member files until all beneficiaries have passed away.

D. OTHER INFORMATION

1. **Training Calendar (Action)**

Training Calendar updates include one new CalAPRS course and additional trustees attending events.

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

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

E. CONSENT CALENDAR (Action)

Trustee Silberstein made note of the large number of retirees on the Consent Calendar. Mr. Wickman explained this is the normal level of retirements because members want to be eligible for the April 1, 2021 Cost of Living Adjustment.

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

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

CONSENT CALENDAR**MCERA BOARD MEETING, WEDNESDAY, May 5, 2021****April 2021**

| RETURN OF CONTRIBUTIONS | | |
|-------------------------|-----------------------------|--------------|
| June Canter | Full Refund - Termination | \$ 695.73 |
| Lauren Gradia | Full Refund - Termination | \$ 33,336.29 |
| Suzanne Levine | Partial Refund - Age change | \$ 2,562.30 |
| Adrian Machado | Full Refund - Termination | \$ 15,445.71 |
| Anyania Muse | Full Refund - Termination | \$ 28,840.59 |

| BUYBACKS | |
|---------------|-------------|
| Fred Marziano | \$ 9,982.84 |

| NEW RETIREES | |
|--------------------------|---|
| Doug E. Allen | County of Marin - Assessor-Recorder-County Clerk |
| Kallie Bechler-Lafleche | County of Marin - Parks & Open Space |
| Brice Bins | County of Marin - Department of Finance |
| James Boggeri | County of Marin - Fire |
| Barbara Farrell | County of Marin - Information Services & Technology |
| Gregory Garrett | County of Marin - Sheriff/Coroner |
| Cary Gloeckner | Southern Marin Fire |
| James Grant III | County of Marin - Information Services & Technology |
| Rochelle Grechman-Dibley | City of San Rafael |
| Thomas Hubert | County of Marin - Department of Finance |
| Victoria Jimenez | County of Marin - Farm Advisor |
| Kevin Kelleher | City of San Rafael |
| David Lloyd | Southern Marin Fire |
| Fred Marziano | County of Marin - Sheriff/Coroner |
| Robert McDaniel | County of Marin - Sheriff/Coroner |
| Bruce Ohlinger | Marin Sonoma Mosquito & Vector Control |
| Joanne Peterson | County of Marin - Human Resources |
| Mark Piombo | City of San Rafael |
| Michael Rakitnichan | County of Marin - Assessor-Recorder-County Clerk |
| Steven Rupnow | City of San Rafael |
| Diana Smith | County of Marin - Probation |
| Wanda Spaletta | City of San Rafael |

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| Karen Stagg-Hourigan | County of Marin - Department of Finance |
| David Starnes | City of San Rafael |
| Tina Tambornini | City of San Rafael - DRO |
| Carmen Tristan | County of Marin - Health & Human Services |
| Jose Varela | County of Marin - Public Defender |
| Andrew Westbom | County of Marin - Information Services & Technology |
| Bonny White | County of Marin - Library |
| Susan White | County of Marin - Board of Supervisors |
| Beth Wissing-Healy | County of Marin - Public Defender |

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| DECEASED RETIREES |
|--------------------------|

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|------------------|---|
| Effie Ashdown | County of Marin - Beneficiary |
| Joseph Dinh | County of Marin - Health & Human Services |
| Richard Ford | County of Marin - Beneficiary |
| Henrietta Hudson | Marin Superior Court |
| Jack Martin | City of San Rafael |
| Nancy Petrino | County of Marin - Public Works |
| Kathleen Skeels | County of Marin - Office of Education |

There being no further business, Chair Silberstein adjourned the meeting at 12:26 p.m.

Jeff Wickman, Retirement Administrator

On behalf of:
Steve Silberstein, Board Chair

Michelle Hardesty, Assistant Retirement
Administrator

On behalf of:
Laurie Murphy, Secretary

MINUTES

Marin County Employees' Retirement Association (MCERA) Retirement Board Strategic Workshop

**One McInnis Parkway, First Floor
San Rafael, CA
April 27-28, 2021**

This meeting was held via video conference 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 and provide comment through Zoom.

Day 1 April 27, 2021

Meeting Chair Steven Block

9:00 a.m.

Call to Order/Roll Call

Chair Block called the meeting to order at 9:05 a.m.

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

ABSENT: None

Open Time for Public Expression

Open time for public expression, from three to five minutes per speaker, on items not on the Board Agenda. While members of the public are welcome to address the Board during this time on matters within the Board's jurisdiction, except as otherwise permitted by the Ralph M. Brown Act (Government Code Sections 54950 et seq.), no deliberation or action may be taken by the Board concerning a non-agenda item. Members of the Board may (1) briefly respond to statements made or questions posed by persons addressing the Board, (2) ask a question for clarification, or (3) provide a reference to staff for factual information.

No members of the public provided comment.

9:00 a.m. – 9:45 a.m.

Asset/Liability Study Process Overview

Jay Kloepfer, Callan, Capital Markets Research

Jim Callahan, President, Callan LLC, presented an overview of the Asset/Liability Study (Study) process the Board goes through every five years. He said the Study is the most important thing Callan does from an investment standpoint because it helps define the Board's risk tolerance and

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how assets are allocated over the long term. Mr. Callahan said asset allocation is the primary determinant of return and risk over time.

The first of three phases of the Asset/Liability Study is a review of the current investment program regarding strategic allocation to broad asset classes. Asset class and portfolio expectations are set after considering return, risk, and correlations. Potential asset classes and strategies are also evaluated. The second phase is to build the integrated asset/liability model reflecting June 2020 valuation results rolled forward to June 2021, thus capturing favorable fiscal year performance. Then simulations are run to capture uncertainty and show the impact of different portfolios on funded status and expected contributions, for example. In phase three Callan reviews results with the Actuary and presents recommendations for the Board's consideration.

Mr. Callahan explained the timeline for the Asset/Liability Study is from July-August through September. Preliminary results will be presented to the Board at its October 2021 Strategic Workshop, followed by final results at the December 2021 Board meeting.

Mr. Callahan said the Asset/Liability Study incorporates material changes to regulations or policies. The three main public pension plan policies are the funding policy, benefits policy, and investment policy. Risk is affected by the size of the Plan, which influences access and cost, and by funded status and expected funding requirements. The Plan status for MCERA, which is open to new members, allows for a long time horizon to absorb volatility and risk. Liquidity needs are another consideration as to cash flow resulting from contributions less benefits paid.

On July 1, 2021 simulations will begin to model asset classes broadly defined as Equity, Fixed Income, Real Assets, and Absolute Return, which is the class not represented in MCERA's portfolio. The key inputs on the asset side are capital market 10-year projections. Key liability assumptions are the June 2020 Actuarial Valuation assumptions of a 6.75% expected investment return, 84% funded status, 2.5% inflation, and employee and employer contribution rates as set forth in the Valuation. Different liquidity stress scenarios will be assessed. Based on Study results, five alternative efficient asset mixes are developed, increasing in risk and expected return, to show what the tradeoffs are.

In conclusion, Mr. Callahan explained the pension plan equation: benefits and expenses need to equal the investment return and contributions. He emphasized that the purpose of the Asset/Liability Study is to determine the Board's risk tolerance given funding goals and liquidity parameters and showing what the tradeoffs are.

Trustee Werby asked whether peers use lines of credit for cash needs. In response Mr. Callahan said that is more of an exception than a rule; the primary tool is to have liquid fixed income securities to avoid having to sell equities. He noted some big public plans are adding leverage at the total fund level in order to improve liquidity. Chair Block said at the recent Finance and Risk Management Committee meeting alternatives to increase liquidity were discussed, and he asked if they should be modeled. He also inquired if options such as narrow or broad range rebalancing, or dynamic allocation/portfolio insurance should be modeled as part of the Study. Mr. Callahan said rebalancing requires setting ranges around the target, which is a very important risk control discipline that can be additive to returns. Tail risk hedging is something to discuss outside of the Asset/Liability Study. In Callan's experience tail risk strategies are very expensive in both the explicit cost and the opportunity cost. He said boards cannot stick with it long enough and capitulate at the wrong time. Mr. Wickman noted the governance challenge

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with mitigating tail risk is how much of the upside opportunity cost has been lost. Noting most plans have an allocation to cash for liquidity needs, the Administrator said Callan could model adding liquidity to the asset mix. Mr. Callahan confirmed a liquidity analysis will be an explicit part of the Asset/Liability Study.

Trustee Gladstern asked when we have had liquidity problems and Mr. Callahan replied in the 2008 financial crisis MCERA was not able to rebalance as quickly as the policy called for. Now he thinks with the highly liquid Parametric Overlay Program, which performed well in the pandemic crisis, and liquidity in the fixed income program, MCERA is in a better situation. He also noted the maturing private equity program is providing increased distributions. He agreed the degree of liquidity should be explored since there is a low level of negative cash flow.

9:45 a.m. – 10:30 a.m.

Measuring Pension Liabilities:

- **How Do Pension Liabilities Change Over Time**
- **How Do Assumptions About Risk Impact the Measurement of the Liability**
- **How are the Liability Measures Used in the Asset/Liability Study**

Graham Schmidt, ASA, FCA, MAAA, EA Consulting Actuary, Cheiron

Graham Schmidt, Actuary with Cheiron, stated pension liabilities are assumed to grow over time. Mr. Schmidt explained projected benefits for active and inactive members over fifty years are discounted back to today's dollars using the assumed rate of return to reflect the present value of each year's benefit payments. These are added together to represent the total liability, which is the current funding target. Active member benefits can be split into what is already earned, the accrued liability, and the future benefits. He reviewed calculating the liability year to year by adding normal cost and interest less benefit payments.

Trustee Silberstein joined the meeting at 10:10 a.m.

Mr. Schmidt stated inactives (retirees) as a percentage of the total liability increased from 57% to 70% over the last ten years, which is an indication of the continuing maturing of the Plan. Mr. Schmidt said each group's liability shows a steady increase in liabilities over time.

Dividing plan sponsor liabilities by payroll shows that Marin County contribution rates are more consistent than for Novato Fire Protection District and the City of San Rafael, which continue to mature at a greater rate than the County and have higher liabilities as compared with payroll.

Trustee Jones joined the meeting at 10:14 a.m.

Mr. Schmidt said liabilities for the Plan have increased each time the discount rate has been reduced and in 2014 after the generational mortality adjustment to reflect longer life spans. Projections of liabilities to 2050 rise from over \$3 billion to over \$7 billion. This projection can be broken down into inactives, actives and new entrants, who begin to increase the liability after a long period of time. The projections show as of 2050 new PEPPRA members lead to a savings of a 25% increase in liabilities.

Bill Hallmark, Actuary with Cheiron, addressed how risk affects liabilities. Mr. Hallmark explained that the higher the expected returns and risk, the lower the projected total liability. Also, the riskier the asset portfolio is, the wider the range of projected investment returns. The higher the expected return, the wider the range of projected contribution rates. Mr. Hallmark

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pointed out that the range of projected investment returns is much larger than the range of projected liabilities. He said with the dominance of the 2% cap COLA group, the COLA is not expected to be a significant factor on the volatility in the liability going forward.

Mr. Hallmark explained that in the Asset/Liability Study liability projections are fixed and are compared to a stochastic projection of assets. He said historical gains and losses show the range of results for assets is much larger than the range for liabilities.

Trustee Werby asked about the effect of COVID-19 on mortality rates. Mr. Schmidt replied as of June 30, 2020 there was no significant impact on mortality. Some plans as of the end of 2020 have experienced a 20% increase in death rates across age levels. However, this would not have a meaningful impact on liabilities until after several years if the higher mortality rate continued. Chair Block asked what assumption is being used for contribution rates to build liability projections. Mr. Hallmark replied that contribution rates are based on the assumptions adopted by the Board and included in its funding policy (actuarial valuation). Liability projections do not depend on either contributions or investment returns, but are based on the discount rate used to determine the present value of future benefits. He added that the unfunded liability is affected by investment returns, which affects contribution rates. Mr. Schmidt noted projected employer contribution rates decrease when the amortization of the 2013 initial UAL layer is paid off.

Chair Block recessed the meeting for a break, reconvening at 11:00 a.m.

10:30 a.m. – 10:45 a.m.

Break

10:45 a.m. – 11:15 a.m.

Modern Portfolio Theory: How do investment risk and diversification affect returns

Jay Kloepfer, Callan, Capital Markets Research

Jay Kloepfer, Executive Vice President and Head of Capital Markets Research with Callan LLC, said Modern Portfolio Theory (MPT) concepts of risk and return, correlation, and portfolio diversification are used to develop efficient portfolios. The theory originated in the 1950's by Harry Markowitz and his student William Sharpe. MPT determines the best return per unit of risk, with risk expressed as standard deviation. The assumptions are that returns have a normal distribution and risk is uncertainty of outcome. MPT facilitates the quantification of portfolio diversification using correlations.

Mr. Kloepfer stated strategic asset allocation focuses on broad asset classes assumed to have normal distributions. The history of U.S. stock market returns shows it skews positive and reflects a normal distribution. Mr. Kloepfer pointed out that higher returns are accompanied by higher standard deviations, and the risk premium demanded by investors implies risk aversion.

In correlation measures, 1.00 means perfectly correlated, 0 means there is no measurable pattern, and -1.00 means two factors move in opposite directions. Correlations have a large impact on the generation of efficient asset mixes using mean-variance optimization. The Sharpe Ratio is the return less the risk-free rate divided by the unit of risk. He explained how a range of asset mixes with decreasing levels of fixed income have increasing projected returns. Mr. Kloepfer stated the most important consideration for the Board is how much risk is appropriate. He also pointed out that time horizon is the most important determinant of how much risk is appropriate. The challenge with current low expectations for investment returns is the tendency to take more risk.

In the Asset/Liability Study Callan will model other potential asset classes. He spoke to the importance of rebalancing to maintain portfolio asset allocations and therefore level of risk. Roles of asset classes include growth, risk mitigation, and diversification. Long term investors may allocate 60-70% of the portfolio to growth assets. Mr. Kloepper observed that asset allocation policies vary widely by pension plan type.

Chair Block asked for a discussion of the impact of volatility drag on return. In response Mr. Kloepper said the higher the volatility, the more it affects compounded return. He gave the example of a 50% return followed by a 50% loss resulting in a 25% net loss. He pointed out fixed income has low volatility, but a low expected return. He noted rebalancing during volatility forces discipline.

11:15 a.m. – 11:45 a.m.

The Case for Reversion to the Mean

Jim Callahan, President, Callan LLC

Jay Kloepper, Callan, Capital Markets Research

Mr. Kloepper stated the mean reversion thesis is while there are cycles, there is a long-term mean to which returns revert. Callan, as a company, subscribes to this theory over the long term. He presented long-term stock market returns illustrating the concept of mean reversion. Rolling 10, 20, and 30 year periods show the stability of this pattern. Mr. Kloepper discussed the historical data set for asset class returns and said he expects current relatively low return projections to be higher in the future. He noted the long-term mean return for the S&P 500 is 10.45%.

Mr. Kloepper observed that U.S. equities are currently overvalued as measured by the forward price/earnings ratio, but he pointed out the denominator was suppressed due to the pandemic. Fixed income shows a remarkable period from mid-60's to the 80's with rising interest rates that subsequently declined, leading to relatively high returns. Mr. Kloepper said therefore he would temper how high the reversion to the mean will be for fixed income. He stated current low levels of inflation and interest rates justify modest ten-year capital market projections.

Mr. Kloepper pointed out that over twenty years private equity is expected to have the highest investment return of all asset classes, and non-U.S. equities have disappointed over multiple time frames as to return expectations. Mr. Kloepper does not believe small cap will have the premium it once had going forward. Capital market projections line up with the mean based on risk premia and real returns, Mr. Kloepper said.

Mr. Kloepper presented a comparison of 10-year return projections for a diversified portfolio with actual returns. The analysis shows the two returns track very closely, with the exception of 1999-2000 and 2007-2008 during market dislocations. Mr. Kloepper concluded Callan's annual capital market expectations are providing meaningful guidance for the long term. He said the biggest change for this year's 10-year capital market projections was lowering expectations for fixed income. The public equity return projection was also reduced but is in line with the long-term equity premium over fixed income.

Chair Block asked about periodicity with respect to mean reversions, noting the fixed income market has longer cycles than the equities market. Mr. Kloepper agreed and said he expects to see a continuation of lower returns for fixed income and a lower mean return, or a longer time to get there. Chair Block noted the deviation in ten-year capital market projections tends to be on

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the downside. Mr. Kloepper said the projections in terms of standard deviation look reasonable and Callan has, in general, conservative capital market projections.

Trustee Jones was excused from the meeting at 1:00 p.m.

Chair Block recessed the meeting for lunch at 12:01 p.m. and reconvened the meeting at 1:02 p.m.

11:45 a.m. – 1:00 p.m.

Lunch Break

1:00 p.m. – 2:00 p.m.

Domestic Equity Structure Review

Jim Callahan, President, Callan LLC

Mr. Callahan stated the review of the Fund's domestic equity structure is in view of its underperformance to the Russell 3000 Index. He said there are a number of ways to implement domestic equities which currently are targeted at 32% of the Fund. Key decision variables for determining equity structure are size exposures as measured by market capitalization, styles (value, core, and growth), and the amount of active/passive management. Mr. Callahan noted that a diversified structure should reflect the characteristics of the broad market, the Russell 3000 Index. Active managers have historically added more value in mid and small cap equities than large cap.

Two primary determinants of risk relative to the Russell 3000 benchmark are active/passive exposures, Mr. Callahan said. Domestic equities have 70% passive large cap exposure and 30% actively managed small cap exposure. Domestic equities differ from the benchmark in the intentional overweight to small cap, which creates tracking error. The question is whether to make an adjustment in small cap equities.

MCERA's portfolio is similar to the Russell 3000 in having approximately 3,000 stocks and being diversified. The Russell 1000 Index is a large and mid-cap index similar to the S&P 500. Because of outperformance of large cap stocks recently, the Russell 1000 represents 94% of the equity market and the Russell 2000 Index of small and mid-cap equities represents only 6% of the equity market.

Mr. Callahan compared the domestic equity structure to the Russell 3000. Equities are 30% small cap core and 70% S&P 500, and the Russell 3000 is 22% small cap, 11% mid cap stocks, and 67% large caps. So the domestic equity portfolio is underweight to large cap, underweight to mid cap, and overweight to small cap. In 2012 the small cap allocation was increased from 20% to 30% to generate excess return.

Rolling three year returns show over past two or three years the Fund struggled as small caps underperformed the benchmark and the Dimensional Fund Advisors (DFA) tilts were a headwind to performance. Mr. Callahan pointed out that tracking error for the Fund versus the Russell 3000 has spiked recently due to the small cap tilt. The question is how much tracking error the Board is comfortable with, he said.

Trustee Gladstern asked if it can be difficult to sell when a small caps manager owns a relatively large portion of the companies. Mr. Callahan replied there is a capacity to how much managers can manage, particularly in concentrated portfolios. He said it is not an issue for DFA because it

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is unique in being one of the largest active small cap managers and actually owning some of the companies in their portfolio.

Mr. Callahan presented three alternative domestic equity structures to consider to reduce tracking error:

1. Keep the current structure but reduce the allocation to DFA to 20%.
2. Change large cap domestic equities to the Russell 1000 Index and reduce DFA to 20%. This gives more exposure to the mid cap equity market and is more consistent with the Russell 3000 Index.
3. Change large cap domestic equities to the Russell Top 200 Index, add a 15% allocation to an active mid cap core manager, and reduce DFA to 15%. This would capture mid cap stocks and reduce tracking error.

Mr. Callahan provided comparisons showing tracking risk and standard deviation would be reduced with all three alternative domestic equity structures. He said the benefit of the alternative structures is the risk reduction and reduced fees.

Trustee Werby asked how to make a decision based on tracking error. Mr. Callahan explained that the key factor is the overweight to small cap that has caused underperformance. Chair Block said the question is whether the assumption that small caps outperform over longer periods of time is still true; and if it is true, then are we getting paid for that misfit. Mr. Callahan noted if you create a structure that does not match the benchmark, it will be difficult to continue with. He said he believes it is better to get rid of the small cap tilt. Trustee Klein asked for a list of reasons why the small cap performance is over. Mr. Callahan replied some believe there is not a small cap premium anymore, and some believe the small cap premium is not over.

Mr. Callahan stated that if he were to provide a recommendation, he would suggest that the Board consider reducing small cap to 20% of the equity portfolio and changing the large cap allocation to the Russell 1000. He said there would still be an overweight to small cap but the index would cover small securities. He believed this was as a reasonable compromise to consider. Trustee Given noted large cap has done well over the last few years and he is concerned about timing risk. Mr. Callahan replied we are not trying to time the market but are making the decision for the long term. The change could be done over a period of months to reduce timing risk. Chair Block said the domestic equity allocation could be discussed further at an Investment Committee meeting.

2:00 p.m. – 3:00 p.m.

Absolute Return/Multi-Asset Class Investments

Jim Callahan, President, Callan LLC

Mr. Callahan stated absolute return and multi-asset class investments are active strategies that try to provide a performance pattern different from other asset classes. These strategies, also known as hedge funds, are unconstrained in how they operate with respect to leverage, shorting securities, and using derivatives. The combination of these three tools is what allows for the performance pattern and taking advantage of market dislocations. Hedge funds can be expensive, opaque, and illiquid at certain times and are usually private placement vehicles. Advantages are they can lead to higher risk-adjusted returns and provide diversification with less

sensitivity to equity market risk. As a result, there is renewed interest in hedge funds as alternatives to lower expected returns for stocks and bonds.

Hedge funds performed well up to 2008 and since then have underperformed the market with a wide dispersion of returns. Hedge funds have performed between stocks and bonds as to risk. Trustee Gladstern asked if there is a market for secondaries and Mr. Callahan replied there is, but it is disjointed and inefficient. Performance metrics show equity hedge funds performed well relative to global equities in volatile periods such as the Great Financial Crisis. Global macro hedge funds have strong outperformance in these periods. Mr. Callahan pointed out that large endowments may have 20 to 30% hedge fund exposure, which are viewed as bringing fixed income behavior patterns such as downside protection and diversification to the portfolio.

Hedge fund strategies include relative value, event-driven, macro, and equity hedge. Relative value strategies match the purchase and sale of similar securities to profit from price divergences. Event-driven strategies capitalize on company or industry events such as a merger or regulatory change. Macro strategies implement thematic investing globally across asset classes to exploit trends and price dislocations. Equity hedge strategies seek alpha through bottom up stock selection in long or short positions. Chair Block asked where activist investors fit in. Mr. Callahan replied multi-strategy hedge funds use a variety of strategies, and high profile activists are in the event-driven bucket, using events to unlock value. The most common hedge funds are equity value. Chair Block asked if the amount of leverage affects the returns and Mr. Callahan replied leverage can have an impact on returns.

Mr. Callahan said the role hedge funds are expected to play in the portfolio include strong risk control and low correlation to equities. He said these attributes match with absolute return strategies, adding that for an equity substitute a directional hedge fund would be advisable.

Mr. Callahan introduced multi-asset class (MAC) strategies that try to address issues hedge funds have had by being transparent, liquid, and with flat fees. The four style groups are long biased, absolute return, risk premia, and risk parity. Long biased are equity oriented and can short and use leverage, for example. Absolute return managers use risk-controlled tactical strategies across multiple asset classes, with low net market exposure. Risk premia in a systematic fashion implement what global macro managers are doing, with balanced and strategic risk-weighted exposure to major asset classes. Trend-following, systematic macro, and macro hedges are highly liquid investments that can be funding sources for rebalancing portfolios and provide diversification. These concepts are gaining interest by investors, Mr. Callahan said. Other alternatives for portfolio diversifiers are reinsurance and private credit with attractive yields.

In summary, Mr. Callahan said hedge fund managers are more investor friendly and a sleeve of hedge fund strategies could replace fixed income with a higher expected return. Key takeaways and conclusions are that hedge funds can move across asset classes and have renewed interest given lower capital market expectations. Hedge fund returns are attractive with downside protection, but with high fees. Most investors benchmark hedge funds using a cash-plus metric.

Chair Block asked whether MCERA can be selective if investing in a fund-of-fund hedge fund manager. In response Mr. Callahan said generally the answer is no. Trustee Gladstern asked how hedge funds compare with market neutral strategies which Mr. Callahan said are risk-constrained portfolios with a net long-short exposure of zero that pair positions. The goal is a small 2-3% return over cash and using that amount to invest in the S&P 500 futures for added return. In the past MCERA used multiple market neutral managers that ultimately

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underperformed the S&P 500 and were terminated. Mr. Callahan noted hedge fund fees may not be worth the expected return.

Chair Block thanked Mr. Callahan and Mr. Kloepper for today's presentations.

Trustee Cooper was excused from the meeting at 3:00 p.m.

3:00 p.m. – 3:30 p.m.

Closing and Follow-up Items from Today's Agenda

Chair Block invited comments on today's discussions. Trustee Klein suggested putting the equity portfolio on the agenda for the next Investment Committee meeting. She expressed caution about potentially volatile returns with hedge funds. Trustee Silberstein supported her view, noting there is complexity to hedge funds. Chair Block said returns may be low for fixed income for several years. If that is the case, he suggested considering moving some of the bond allocation to hedge funds and being open to other alternatives. Trustee Silberstein pointed out fixed income allows the Fund to rebalance into equities. Trustee Gladstern views Callan's capital market projections as conservative, but Chair Block noted the risk in the capital market projections is more to the downside.

There being no further business, Chair Block recessed Day One of the Strategic Workshop at 3:29 p.m.

For consideration at June Board meeting

Day 2
April 28, 2021

9:00 a.m.

Call to Order/Roll Call

Chair Block called the meeting to order at 9:03 a.m.

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

ABSENT: Cooper

Open Time for Public Expression

See below.

9:00 a.m. – 10:00 a.m.

Review and Discussion of Operational Performance Measures

Jeff Wickman, Retirement Administrator

Michelle Hardesty, Assistant Retirement Administrator

Chair Block said the Review and Discussion of Operational Performance Measures considers what we measure, why we measure them, and other issues MCERA may be confronting. Mr. Wickman began by stating that in 2011 there were no performance measures in place to help assess how MCERA was performing its mission to pay retirees on time and accurately. He noted that both he and Assistant Administrator Hardesty worked in organizations that used performance measures and they both believed that what gets measured gets done. The Administrator said Syd Fowler will be assisting Assistant Retirement Administrator Michelle Hardesty with the presentation.

Ms. Hardesty recalled that on arriving at MCERA she was charged with getting retirement payments out sooner and clearing the backlog of estimates and purchases that members were unhappy about. Efficiencies were added to calculations and performance measures were created with the goal of completing 90% of new payroll inception within one month of retirement; now the goal is 95%. Other key measures are completing 80% of retirement benefit estimates within 30 days of receiving the request, and 75% of service purchases within 30 days of the date documentation is available. These measures are included in the Retirement Administrator's annual performance objectives which give them visibility for the Board and staff.

Ms. Hardesty discussed that while we measure only the three main areas, there is much more that we monitor and manage. She discussed the additional work processes from divorce to reciprocity listed in the presentation. She then focused in more detail on the uploading of the active member payroll data from employers into the CPAS system. This process is closely reviewed for accuracy to ensure correct data is put into the CPAS benefit system. Part of the review of active payroll has led to the creation of an employer training program. Trustee Silberstein asked about processing reciprocal members at retirement. Ms. Hardesty replied MCERA shares member data with the reciprocal system and vice versa. About one-third of members are reciprocal.

Syd Fowler said active employer payroll uploads drive paying retirement benefits and meeting performance goals. Syd discussed the recurring processes listed and then explained in more

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detail the example of the Member Benefit Statement process where MCERA provides members with annual Benefit Statements which are tracked as to timing and the number needing review.

Michelle Hardesty and Syd Fowler discussed processes performed in other areas of the agency.

Ms. Hardesty then transitioned to the discussion on MCERA's COVID -19 response. She said COVID-19 forced staff to adapt business practices in order to maintain the service goals that have been established. Decisions were made by prioritizing staff safety and member service. After closing on March 17, 2020, MCERA offices were reopened on the first allowable day in June 2020. In order to reopen staff assessed the physical changes that were needed and public health directives and implemented the Site-Specific Protection Plan. Next was assisting staff working remotely and determining who would remain on site to serve members. Staff received specific instructions on safe-guarding member information in the transition to working with electronic files. The County's secure Virtual Private Network (VPN) was utilized for accessing information and laptops and office furniture were provided for staff working remotely. The use of Microsoft Teams has allowed everyone to stay in constant contact and helped facilitate meetings and communication.

Paper processes like imaging and scanning were converted to a paperless workflow process, creating efficiencies that dovetailed with future objectives. In addition, staff began using OneDrive to allow for multiple users of workflow and other common projects. As a result, supervisors are able to track staff work electronically and follow up where any problems arose. Ms. Fowler pointed out only one monthly Board meeting was missed in the transition to Zoom Webinars, and there was no loss of transparency because Board and Committee meetings are accessible to the public on YouTube. Live commenting was introduced at the beginning of 2021, and full Board packets are now posted on MCERA's website.

Ms. Fowler discussed processes implemented during COVID-19 that will remain in place: remote work for some staff, paperless workflow, video conferencing and staff training through Microsoft Teams, and electronic Board meeting packets on MCERA's website. Mr. Wickman observed that video broadcasting allows for additional transparency and provides access for more members of the public to attend Board meetings, and is a best practice that we will continue.

In conclusion, Ms. Hardesty said staff will continue to look for efficiencies to improve services. Plans are to have an improved workflow process allowing for more detail and automatic reporting. Trustee Werby asked when paper files can be removed and Mr. Wickman said files have been removed from the file room and secured in another area. He said the goal is to move the files off site in 2021. Trustee Poirier suggested an idea box and Mr. Wickman said it is a good point to engage staff in ideas for improvement since change and innovation are part of the job.

Trustee Murphy asked if there are any issues with shields and masks. In response Mr. Wickman said during counseling a shield and masks are required and there have been no issues. Ms. Murphy asked if the County Employees Retirement Law of 1937 (CERL) does not accept electronic signatures. Mr. Wickman replied there are still requirements for paper documents in the CERL and hopefully there will be modernization to allow for more electronic signatures. Trustee Gladstern asked when the CERL can be updated and Ms. Dunning replied this is a priority for the SACRS Legislative Committee. Trustee Jones asked if there is an emphasis on cybersecurity in place with the move away from paper documents. Mr. Wickman said MCERA is currently working with Linea Secure to strengthen cybersecurity and going paperless would be

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an ongoing goal. Chair Block asked about workflow facilitation through CPAS. Ms. Hardesty replied CPAS and OnBase have workflow systems. The team is evaluating which system would provide the most functionality. Chair Block said it could be difficult to move to another system if more reporting is built through one system. He applauded the strategic approach to driving positive outcomes.

Chair Block invited discussion on additional performance measures to be reported to the Board. Trustee Silberstein asked about the problems in the past with custodial services and whether any measures could improve that process. In response, Mr. Wickman said the past customer service issues have significantly improved over the last twelve months. Trustee Given requested assurance that customer service will continue to be good after the Custodial Services Request for Proposal is completed. Mr. Wickman replied staff will document performance expectations in any new agreements for custodial services.

The Administrator said he is comfortable with current performance measures and invited the Board to suggest other outcomes that could be measured. Chair Block suggested target asset allocations in the Fund could be elevated as key performance measures. Trustee Given said these are reflected as goals the Administrator reports on.

Trustee Gladstern asked about the process around Annual Benefit Statements, including data cleanup, as a reportable measure. The Administrator replied the number of statements needing review has been significantly reduced over the past three years and could be reported out, noting every year data has been cleaned up earlier. The delays in producing annual statements were related to converted data from the prior system into CPAS. Ms. Hardesty said a more frequent quarterly process for data review is being initiated. She explained that data cleanup includes reviewing member tier changes and service credit greater than one year. Mr. Wickman noted staff is working on a faster time frame for all processes. He pointed out the number of tiers within MCERA which adds complexity to the process. He observed that as far as making this a key metric, it can be added to the list of performance measures. Chair Block said he is happy with what staff has been able to achieve.

Chair Block directed deliberations to public comment.

Open Time for Public Expression

Roland Katz, Executive Director of the Marin Association of Public Employees (MAPE), stated he represents rank and file employees receiving pensions. Mr. Katz recognized Marin County for modernizing its processes and is working with the County to address problems in reporting pensionable hours for some members. Mr. Katz noted that members approaching retirement give considerable credence to MCERA's Annual Benefit Statements. Chair Block thanked Mr. Katz for his remarks.

Closing and Follow-up Items from Today's Agenda

10:00 a.m. – 10:30 a.m.

Chair Block invited comments on the Strategic Workshop discussion topics and suggestions for future topics. Trustee Klein encouraged more presentations on MCERA operations, and Chair Block said the Ad Hoc Education Committee is planning to have discussions on relevant operational issues at every Strategic Workshop. Mr. Wickman offered to review MCERA's annual reporting processes at a future meeting.

For consideration at June Board meeting

There being no further business, Chair Block adjourned the meeting at 10:41 a.m.

Jeff Wickman, Retirement Administrator

On behalf of:
Steve Block, Meeting Chair

Michelle Hardesty, Assistant Retirement
Administrator

On behalf of:
Laurie Murphy, Secretary

DRAFT

B.1 Administrator's Report

This is a discussion with no backup.

B.2.a.1

| | FY 19/20 Actual Expenses | FY 20/21 Approved Budget | January | February | March | 3rd Qtr. Total | Percentage of Budget used | Notes |
|--|--------------------------------|--------------------------------|------------------|----------------|----------------|-------------------|------------------------------|--|
| Salaries and Benefits | | 26 PP | 2 PP | 2 PP | 2 PP | 6 PP | | QTD - Quarter-to-Date SL - Straight Line WCI - Workers' Comp Ins SAA - Sr. Accounting Asst. FTE - Full Time Equivalent PP - Payperiod GF - General Fund AA - Accounting Asst. |
| Regular Staff Salaries | 1,540,503 | 2,000,684 | 138,685 | 131,144 | 137,799 | 407,628 | 20.4% | QTD actual is 4.6% under the SL budget due to the Jan. and Feb. 2.0 FTE and Mar. 3.0 FTE vacancy savings, offset by a vacation and annual bargaining bonus payouts. |
| Extra-Hire | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% | |
| Overtime | 60 | 0 | 2,643 | 3,659 | 2,092 | 8,394 | 0.0% | |
| Employee Benefits | 217,721 | 258,143 | 19,609 | 18,318 | 18,318 | 56,245 | 21.8% | |
| Retirement Benefits | 292,963 | 427,995 | 26,827 | 25,847 | 25,919 | 78,593 | 18.4% | |
| Retirement Benefits - OPEB | 164,193 | 196,750 | 10,819 | 10,424 | 10,453 | 31,696 | 16.1% | |
| Ret POB Debt Svc. Misc. | 80,706 | 97,866 | 7,282 | 7,016 | 7,036 | 21,334 | 21.8% | |
| Auto Allowance | 9,227 | 9,950 | 738 | 738 | 738 | 2,214 | 22.3% | |
| Unused Fringe Benefits | 18,621 | 0 | 1,579 | 1,579 | 1,579 | 4,737 | 0.0% | |
| Workers Comp. Insurance | 32,026 | 71,003 | 6,124 | 5,915 | 5,944 | 17,983 | 25.3% | This quarter did not receive a WC refund. |
| Medicare | 22,456 | 28,612 | 2,059 | 1,965 | 2,039 | 6,063 | 21.2% | |
| Total Salaries and Benefits | 2,378,476 | 3,091,003 | 216,365 | 206,605 | 211,917 | 634,887 | 20.5% | QTD actual is 4.5% under SL budget mainly due to vacancies. |
| Services and Supplies | | | | | | | | |
| Professional Services | 57,395 | 52,000 | 0 | 438 | 0 | 438 | 0.8% | QTD actual is 24.2% under the SL budget due to less demand for Professional Services (i.e. Brown Armstrong) during this quarter. |
| Innovest - Retiree Payroll Processing | 41,572 | 38,000 | 2,834 | 6,487 | 2,839 | 12,160 | 32.0% | |
| Records Retention | 3,789 | 3,800 | 255 | 260 | 260 | 775 | 20.4% | |
| Bank Charges | 2,770 | 6,000 | 590 | 826 | 2,197 | 3,613 | 60.2% | QTD actual is 35.2% over the SL budget due to the BoFA Bank Analysis fees trending higher. Budgeted at \$500 per month. Actual for March 2021 is 3.39 times higher than monthly budget due to increased service activity. |
| Insurance Premiums | 76,599 | 77,000 | 7,654 | (25) | 82,301 | 89,930 | 116.8% | QTD actual is 3.67 times over the SL budget due to 13 months of MacCorkle (Risk Strategies) Fiduciary Liability Insurance expense, 1 month extension paid in January and the 12 months annual paid in March. |
| Utilities (1 McInnis Owner Allocation) | 171,484 | 191,090 | 0 | 15,974 | 48,019 | 63,993 | 33.5% | |
| Memberships & Dues | 16,539 | 15,000 | 0 | 0 | 0 | 0 | 0.0% | |
| Subscriptions | 7,136 | 7,500 | 2,902 | 0 | 489 | 3,391 | 45.2% | QTD actual is 20.2% over the SL budget due to the annual services at \$2.7K paid to Pension Benefits Information (PBI) for the annual death audit monitoring renewal. |
| Conferences/Training | 18,974 | 26,000 | 195 | 850 | 120 | 1,165 | 4.5% | |
| Travel and Mileage | 16,554 | 30,000 | 0 | 0 | 156 | 156 | 0.5% | |
| Document Reproduction Costs | 32,771 | 32,200 | 1,865 | 2,964 | 1,664 | 6,493 | 20.2% | |
| Medical Examinations | 9,263 | 12,000 | 0 | 0 | 0 | 0 | 0.0% | |
| Investigations | 912 | 2,000 | 0 | 2,050 | 0 | 2,050 | 9.9% | Combined Investigations, Transcribing, Medical Record Review and Hearing utilization is trending lower than anticipated. Actual is \$19.6K. Budgeted at \$49.3K per quarter. |
| Transcribing/Medical Record Review | 96,614 | 130,000 | 10,850 | 0 | 0 | 10,850 | | |
| Hearings | 48,555 | 65,000 | 6,599 | 0 | 80 | 6,679 | | |
| Board Election Fees | 550 | 1,000 | 200 | (100) | 0 | 100 | 10.0% | QTD actual is 15.0% under the SL budget due to less and seasonal demand for election coordinated services. |
| Board Remuneration (Gross Pay) | 7,860 | 8,480 | 400 | 800 | 400 | 1,600 | 20.0% | |
| Board Payments (ER Liab., ADP & Bank fees) | 2,045 | 2,120 | 221 | 169 | 129 | 519 | | |
| Office Expenses and Supplies | 11,336 | 8,600 | 78 | 32 | 71 | 181 | 2.1% | QTD actual is 22.9% under the SL budget due to less department demand for Office Expenses and Supplies. |
| Office Expenses - Phone | 2,743 | 2,500 | 356 | 265 | 246 | 867 | 34.7% | |
| Electronic Supplies | 10,268 | 5,300 | 0 | 0 | 1,471 | 1,471 | 27.8% | |
| Ergonomic Supplies | 0 | 1,000 | 0 | 0 | 0 | 0 | 0.0% | |
| Office Supplies - Postage | 1,439 | 2,000 | 107 | 63 | 163 | 333 | 16.7% | |
| Miscellaneous - Food | 6,612 | 8,000 | 0 | 0 | 0 | 0 | 0.0% | |
| Depreciation Expense | 479,930 | 477,571 | 0 | 0 | 129,380 | 129,380 | 27.1% | Actual through March 2021 is 2.1% higher due to the depreciation of recently capitalized property and tenant improvements. |
| Total Services and Supplies | 1,123,710 | 1,204,161 | 35,106 | 31,053 | 269,985 | 336,144 | 27.9% | QTD actual is 2.9% over the SL budget due to Services & Supplies category trending slightly higher than anticipated. |
| Interdepartmental Charges | | | | | | | | |
| Telephone Charges | 12,950 | 25,900 | 0 | 0 | 6,475 | 6,475 | 25.0% | QTD accrual at 25% of annual FY budget. |
| Cost Allocation Plan (Inter-fund Charges) | 307,896 | 307,895 | (153,948) | 0 | 249,003 | 95,055 | 30.9% | QTD is net FYTD accrual reversal + actual for FY 20-21. |
| Total Interdepartmental Charges | 320,846 | 333,795 | (153,948) | 0 | 255,478 | 101,530 | 30.4% | QTD accrual + actual at 5.4% over the FY budget due to invoicing methodologies. CAP for this FY is paid in full. |
| TOTAL | 3,823,032 | 4,628,959 | 97,523 | 237,658 | 737,380 | 1,072,561 | 23.2% | QTD actual is 1.8% under the SL budget. |

B.2.a.1

| | FY 19/20 Actual Expenses | FY 20/21 Approved Budget | 1st Qtr. Total | 2nd Qtr. Total | 3rd Qtr. Total | FYTD | Percentage of Budget Used |
|--|--------------------------------|--------------------------------|-------------------|-------------------|-------------------|------------------|------------------------------|
| Salaries and Benefits | | 26 PP | 6 PP | 7 PP | 6 PP | 19 PP | |
| Regular Staff Salaries | 1,540,503 | 2,000,684 | 432,856 | 480,848 | 407,628 | 1,321,332 | 66.0% |
| Extra-Hire | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| Overtime | 60 | 0 | 0 | 0 | 8,394 | 8,394 | 0.0% |
| Employee Benefits | 217,721 | 258,143 | 69,170 | 67,801 | 56,245 | 193,216 | 74.8% |
| Retirement Benefits | 292,963 | 427,995 | 85,674 | 92,043 | 78,593 | 256,310 | 59.9% |
| Retirement Benefits - OPEB | 164,193 | 196,750 | 39,720 | 37,418 | 31,696 | 108,834 | 55.3% |
| Ret POB Debt Svc. Misc. | 80,706 | 97,866 | 23,557 | 25,185 | 21,334 | 70,076 | 71.6% |
| Auto Allowance | 9,227 | 9,950 | 2,214 | 2,584 | 2,214 | 7,012 | 70.5% |
| Unused Fringe Benefits | 18,621 | 0 | 4,295 | 4,295 | 4,737 | 13,327 | 0.0% |
| Workers Comp. Insurance | 32,026 | 71,003 | 6,469 | 21,904 | 17,983 | 46,356 | 65.3% |
| Medicare | 22,456 | 28,612 | 6,279 | 6,957 | 6,063 | 19,299 | 67.5% |
| Total Salaries and Benefits | 2,378,476 | 3,091,003 | 670,234 | 739,035 | 634,887 | 2,044,156 | 66.1% |
| Services and Supplies | | | | | | | |
| Professional Services | 57,395 | 52,000 | 18,799 | 25,734 | 438 | 44,971 | 86.5% |
| Innovest - Retiree Payroll Processing | 41,572 | 38,000 | 5,489 | 10,912 | 12,160 | 28,561 | 75.2% |
| Records Retention | 3,789 | 3,800 | 765 | 765 | 775 | 2,305 | 60.6% |
| Bank Charges | 2,770 | 6,000 | 1,407 | 2,296 | 3,613 | 7,316 | 121.9% |
| Insurance Premiums | 76,599 | 77,000 | 8,673 | 0 | 89,930 | 98,603 | 128.1% |
| Utilities (1 McInnis Owner Allocation) | 171,484 | 191,090 | 42,153 | 63,746 | 63,993 | 169,892 | 88.9% |
| Memberships & Dues | 16,539 | 15,000 | 200 | 7,710 | 0 | 7,910 | 52.7% |
| Subscriptions | 7,136 | 7,500 | 261 | 1,462 | 3,391 | 5,114 | 68.2% |
| Conferences/Training | 18,974 | 26,000 | (2,130) | 7,610 | 1,165 | 6,645 | 25.6% |
| Travel and Mileage | 16,554 | 30,000 | 0 | 0 | 156 | 156 | 0.5% |
| Document Reproduction Costs | 32,771 | 32,200 | 5,080 | 7,234 | 6,493 | 18,807 | 58.4% |
| Medical Examinations | 9,263 | 12,000 | 1,002 | 148 | 0 | 1,150 | 9.6% |
| Investigations | 912 | 2,000 | 0 | 474 | 2,050 | 2,524 | 126.2% |
| Transcribing/Medical Record Review | 96,614 | 130,000 | 15,564 | 6,017 | 10,850 | 32,431 | 24.9% |
| Hearings | 48,555 | 65,000 | 12,725 | 9,791 | 6,679 | 29,195 | 44.9% |
| Board Election Fees | 550 | 1,000 | 0 | 0 | 100 | 100 | 10.0% |
| Board Remuneration (Gross Pay) | 7,860 | 8,480 | 2,300 | 3,000 | 1,600 | 6,900 | 81.4% |
| Board Payments (ER Liab., ADP & Bank fees) | 2,045 | 2,120 | 402 | 655 | 519 | 1,576 | 74.4% |
| Office Expenses and Supplies | 11,336 | 8,600 | 9,278 | 862 | 181 | 10,321 | 120.0% |
| Office Expenses - Phone | 2,743 | 2,500 | 2,218 | 1,535 | 867 | 4,620 | 184.8% |
| Electronic Supplies | 10,268 | 5,300 | 2,705 | 668 | 1,471 | 4,844 | 91.4% |
| Ergonomic Supplies | 0 | 1,000 | 0 | 54 | 0 | 54 | 5.4% |
| Office Supplies - Postage | 1,439 | 2,000 | 260 | 282 | 333 | 875 | 43.8% |
| Miscellaneous - Food | 6,612 | 8,000 | 0 | 0 | 0 | 0 | 0.0% |
| Depreciation Expense | 479,930 | 477,571 | 119,393 | 139,367 | 129,380 | 388,140 | 81.3% |
| Total Services and Supplies | 1,123,710 | 1,204,161 | 246,544 | 290,322 | 336,144 | 873,010 | 72.5% |
| Interdepartmental Charges | | | | | | | |
| Telephone Charges | 12,950 | 25,900 | 6,475 | 6,475 | 6,475 | 19,425 | 75.0% |
| Cost Allocation Plan (Inter-fund Charges) | 307,896 | 307,895 | 76,974 | 76,974 | 95,055 | 249,003 | 80.9% |
| Total Interdepartmental Charges | 320,846 | 333,795 | 83,449 | 83,449 | 101,530 | 268,428 | 80.4% |
| TOTAL | 3,823,032 | 4,628,959 | 1,000,227 | 1,112,806 | 1,072,561 | 3,185,594 | 68.8% |

MCERA Non-Budgeted Expenses
FY 20/21 Quarter Ending March 31, 2021, by month

B.2.a.2

| | January | February | March | 3rd Qtr. Expenses |
|--|-------------------|-------------------|-------------------|----------------------|
| Retiree Payroll | 13,706,690 | 13,820,567 | 13,800,572 | 41,327,829 |
| Retiree Death Benefit Paid | 35,000 | 15,000 | 25,000 | 75,000 |
| Active Member Death Benefit | 0 | 0 | 0 | 0 |
| Refund of Contributions | 159,344 | 96,141 | 326,839 | 582,324 |
| Total Retirement Member Expense | 13,901,034 | 13,931,708 | 14,152,411 | 41,985,153 |
| Personal Computer Lease (Accrual) | 0 | 0 | 0 | 0 |
| CPAS | 0 | 102,070 | 0 | 102,070 |
| Business Systems (Accountmate) | 0 | 0 | 0 | 0 |
| IBM - Cognos systems | 0 | 0 | 0 | 0 |
| Oracle America | 0 | 0 | 0 | 0 |
| Total Computer Expense | 0 | 102,070 | 0 | 102,070 |
| Linea Secure, LLC (Cybersecurity) | 0 | 0 | 0 | 0 |
| Insight Public Sector, Inc. | 8,150 | 8,150 | 8,150 | 24,450 |
| Total Security Services Expense | 8,150 | 8,150 | 8,150 | 24,450 |
| Legal | 0 | 12,371 | 24,525 | 36,896 |
| County Counsel | 0 | 0 | 0 | 0 |
| Ice Miller LLP | 0 | 0 | 0 | 0 |
| Nossaman | 0 | 12,371 | 24,525 | 36,896 |
| Cheiron Inc. (Actuary) | 0 | 0 | 44,471 | 44,471 |
| Appraisals (1 McInnis) | 0 | 0 | 0 | 0 |
| Investment Managers | 268,023 | 264,980 | 2,693,286 | 3,226,289 |
| Callan (Investment Consultant) | 0 | 85,000 | 77,250 | 162,250 |
| State Street (Custodian) | 0 | 0 | 104,722 | 104,722 |
| Woodmont Consulting Services | 0 | 5,513 | 3,938 | 9,451 |
| Investment Education Expense | 0 | 0 | 0 | 0 |
| Total Legal, Actuary & Investment Expense | 268,023 | 367,864 | 2,948,192 | 3,584,079 |
| Total Fund Expenses | 14,177,207 | 14,409,792 | 17,108,753 | 45,695,752 |
| Nossaman | | | | |
| General Counsel | 0 | 12,285 | 21,109 | 33,394 |
| 1 McInnis Parkway Leasing | 0 | 0 | 0 | 0 |
| Bankruptcy Related | 0 | 0 | 259 | 259 |
| Technology Projects | 0 | 0 | 1,166 | 1,166 |
| Employment Law Advice & Training | 0 | 86 | 1,455 | 1,541 |
| Negotiate Insurance Policies | 0 | 0 | 536 | 536 |
| Investment | 0 | 0 | 0 | 0 |
| MAPE | 0 | 0 | 0 | 0 |
| Greene | 0 | 0 | 0 | 0 |
| Brown | 0 | 0 | 0 | 0 |
| Rose | 0 | 0 | 0 | 0 |
| Total Nossaman Expense | 0 | 12,371 | 24,525 | 36,896 |
| Reimbursement from Hudson Ins. Regarding V. Greene | 0 | 0 | 0 | 0 |
| D. Brown | 0 | 0 | 0 | 0 |
| MAPE vs. MCERA | 0 | 0 | 0 | 0 |
| Total Legal Reimbursement | 0 | 0 | 0 | 0 |

B.2.a.2

MCERA Non-Budgeted Expenses

FY 20/21 Quarter Ending March 31, 2021, by quarter

| | FY 19/20 Actual Expenses | 1st Qtr. Expenses | 2nd Qtr. Expenses | 3rd Qtr. Expenses | FYTD Total |
|--|-----------------------------|-------------------|-------------------|-------------------|--------------------|
| Retiree Payroll | 156,896,425 | 40,749,418 | 41,031,850 | 41,327,829 | 123,109,097 |
| Retiree Death Benefit Paid | 250,000 | 110,000 | 65,000 | 75,000 | 250,000 |
| Active Member Death Benefit | 324,104 | 0 | 0 | 0 | 0 |
| Refund of Contributions | 931,012 | 511,341 | 237,573 | 582,324 | 1,331,238 |
| Total Retirement Member Expense | 158,401,541 | 41,370,759 | 41,334,423 | 41,985,153 | 124,690,335 |
| Personal Computer Lease (Accrual) | 0 | 0 | 0 | 0 | 0 |
| CPAS | 180,441 | 12,960 | 0 | 102,070 | 115,030 |
| Business Systems (Accountmate) | 2,351 | 0 | 2,125 | 0 | 2,125 |
| IBM - Cognos systems | 19,315 | 19,916 | 0 | 0 | 19,916 |
| Oracle America | 4,910 | 0 | 0 | 0 | 0 |
| Total Computer Expense | 207,017 | 32,876 | 2,125 | 102,070 | 137,071 |
| Linea Secure, LLC (Cybersecurity) | 66,500 | 10,000 | 0 | 0 | 10,000 |
| Insight Public Sector, Inc. | 57,357 | 24,450 | 24,450 | 24,450 | 73,350 |
| Total Security Services Expense | 123,857 | 34,450 | 24,450 | 24,450 | 83,350 |
| Legal | 452,056 | 76,188 | 195,712 | 36,896 | 308,796 |
| County Counsel | 93,126 | 23,282 | 11,964 | 0 | 35,246 |
| Ice Miller LLP | 4,164 | 0 | 560 | 0 | 560 |
| Nossaman | 354,766 | 52,906 | 183,188 | 36,896 | 272,990 |
| Cheiron Inc. (Actuary) | 152,679 | 21,088 | 99,107 | 44,471 | 164,666 |
| Appraisals (1 McInnis) | 3,000 | 0 | 3,000 | 0 | 3,000 |
| Investment Managers | 11,507,860 | 2,890,371 | 3,028,863 | 3,226,289 | 9,145,523 |
| Callan (Investment Consultant) | 355,250 | 75,500 | 92,250 | 162,250 | 330,000 |
| State Street (Custodian) | 415,297 | 103,374 | 104,825 | 104,722 | 312,921 |
| Woodmont Consulting Services | 30,929 | 26,675 | 24,594 | 9,451 | 60,720 |
| Investment Education Expense | 9,850 | 7,500 | 0 | 0 | 7,500 |
| Total Legal, Actuary & Investment Expense | 12,926,921 | 3,200,696 | 3,548,351 | 3,584,079 | 10,333,126 |
| Total Fund Expenses | 171,659,336 | 44,638,781 | 44,909,349 | 45,695,752 | 135,243,882 |
| Nossaman | | | | | |
| General Counsel | 240,036 | 38,576 | 69,022 | 33,394 | 140,992 |
| 1 McInnis Parkway Leasing | 64,165 | 5,593 | (4,055) | 0 | 1,538 |
| Bankruptcy Related | 0 | 0 | 0 | 259 | 259 |
| Technology Projects | 0 | 0 | 0 | 1,166 | 1,166 |
| Employment Law Advice & Training | 0 | 0 | 0 | 1,541 | 1,541 |
| Negotiate Insurance Policies | 0 | 0 | 0 | 536 | 536 |
| Investment | 1,952 | 905 | 112,248 | 0 | 113,153 |
| MAPE | 390 | 7,832 | 5,973 | 0 | 13,805 |
| Greene | 12,067 | 0 | 0 | 0 | 0 |
| Brown | 31,845 | 0 | 0 | 0 | 0 |
| Rose | 4,311 | 0 | 0 | 0 | 0 |
| Total Nossaman Expense | 354,766 | 52,906 | 183,188 | 36,896 | 272,990 |
| Reimbursement from Hudson Ins. Regarding V. Greene | (2,933) | 0 | 0 | 0 | 0 |
| D. Brown | (30,772) | (360) | 0 | 0 | (360) |
| MAPE vs. MCERA | 0 | 0 | (59,439) | 0 | (59,439) |
| Total Legal Reimbursement | (33,705) | (360) | (59,439) | 0 | (59,799) |

B.2.a.2

Investment Manager's Fees
FY20/21 Quarter Ending March 31, 2021

| Fees: | | | | | | | FY 19/20 |
|-----------------------------------|------------------------|---------------------|------------------|------------------|--------------------|----------------------|---------------------|
| <u>Investment Manager</u> | <u>Market Value</u> | <u>Annualized %</u> | <u>January</u> | <u>February</u> | <u>March</u> | <u>Quarter Total</u> | <u>IM fees</u> |
| AEW Core Property | 105,976,969 | 0.8905% | 0 | 0 | 235,944 | 235,944 | 932,369 |
| Abbott Fund VI | 46,181,826 | 0.9782% | 37,644 | 37,644 | 37,644 | 112,932 | 501,912 |
| Abbott Fund VII | 41,152,201 | 0.8262% | 28,333 | 28,333 | 28,333 | 84,999 | 339,996 |
| Abbott Investors 2016 | 44,408,381 | 0.5967% | 22,083 | 22,083 | 22,083 | 66,249 | 264,996 |
| Abbott Investors 2017 | 10,216,934 | 0.7341% | 6,250 | 6,250 | 6,250 | 18,750 | 65,628 |
| Abbott Investors 2021 | 870,618 | 0.0000% | 0 | 0 | 0 | 0 | N/A |
| Artisan International Growth Fund | 203,036,047 | 0.8042% | 0 | 0 | 408,223 | 408,223 | 1,445,669 |
| BlackRock TIPS | 46,171,562 | 0.0298% | 0 | 0 | 3,438 | 3,438 | 13,460 |
| BlackRock US Real Estate | 54,381,980 | 0.0565% | 0 | 0 | 7,678 | 7,678 | 26,878 |
| CarVal | 3,350,000 | 0.0000% | 0 | 0 | 0 | 0 | N/A |
| Colchester Global Investors | 145,113,927 | 0.4236% | 53,740 | 48,029 | 51,903 | 153,672 | 562,014 |
| DFA Small Cap Core | 330,882,965 | 0.3033% | 0 | 0 | 250,877 | 250,877 | 768,730 |
| Eaton Vance Structured | 124,384,731 | 0.7752% | 0 | 0 | 241,047 | 241,047 | 746,347 |
| Fortress | 1,622,900 | 0.0818% | 0 | 0 | 332 | 332 | N/A |
| Invesco | 52,703,405 | 0.6833% | 29,881 | 28,303 | 31,853 | 90,037 | 262,030 |
| KBI Global Resources Solutions | 53,145,395 | 0.8883% | 0 | 0 | 118,029 | 118,029 | 367,330 |
| Morgan Stanley | 201,376,469 | 0.5471% | 0 | 0 | 275,435 | 275,435 | 950,572 |
| Parametric (overlay program) | 22,425,075 | 0.7224% | 0 | 0 | 40,500 | 40,500 | 147,721 |
| Pathway I 2008-6 | 66,761,276 | 0.6740% | 0 | 0 | 112,500 | 112,500 | 583,533 |
| Pathway I 7-3 | 42,303,469 | 0.7446% | 0 | 0 | 78,750 | 78,750 | 315,000 |
| Pathway I 8-9 | 59,762,436 | 0.6753% | 0 | 0 | 100,887 | 100,887 | 403,548 |
| Pathway I 9-3 | 10,712,396 | 1.0735% | 0 | 0 | 28,750 | 28,750 | 93,203 |
| Pathway I 10-10 | 3,509,995 | 2.5938% | 0 | 0 | 22,761 | 22,761 | N/A |
| SSgA S&P 500 Index Strategy | 695,750,998 | 0.0252% | 0 | 0 | 43,750 | 43,750 | 193,750 |
| TimesSquare | 129,425,601 | 0.8400% | 90,092 | 94,338 | 87,357 | 271,787 | 790,584 |
| UBS Realty Investment | 113,019,855 | 0.6486% | 0 | 0 | 183,264 | 183,264 | 913,825 |
| Varde | 17,025,986 | 1.3587% | 0 | 0 | 57,834 | 57,834 | N/A |
| Wellington | 268,447,655 | 0.1850% | 0 | 0 | 124,183 | 124,183 | 466,555 |
| Western Asset | 148,408,439 | 0.2525% | 0 | 0 | 93,681 | 93,681 | 352,214 |
| Total | \$3,042,529,491 | 0.4242% | \$268,023 | \$264,980 | \$2,693,286 | \$3,226,289 | \$11,507,864 |

MCERA Education and Due Diligence Expense Summary FY 20/21
FY 20/21 Quarter Ending March 31, 2021

| <u>Trustee</u> | <u>Date</u> | <u>Conference</u> | B.2.a.3.a <u>Location</u> | <u>1st quarter</u> | <u>2nd quarter</u> | <u>3rd quarter</u> | <u>Year to Date</u> |
|--|-----------------------|---|---------------------------|--------------------|--------------------|--------------------|---------------------|
| M. Gladstern | 3/8 - 9/2021 | CALAPRS General Assembly | Virtual | | | 250.00 | \$ 250.00 |
| D. Jones | 11/10 -13/2020 | SACRS 2020 Fall Conference | Virtual | | 120.00 | | \$ 120.00 |
| S. Klein | 10/23/2020 | CALAPRS Trustee Roundtable | Virtual | | 50.00 | | \$ 50.00 |
| L. Murphy | 10/23/2020 | CALAPRS Trustee Roundtable | Virtual | | 50.00 | | \$ 50.00 |
| M. Poirier | 3/8 - 9/2021 | CALAPRS General Assembly | Virtual | | | 250.00 | \$ 250.00 |
| S. Silberstein | 11/10-13/2020 | SACRS 2020 Fall Conference | Virtual | | 120.00 | | \$ 120.00 |
| | 3/8 - 9/2021 | CALAPRS General Assembly | Virtual | | | 250.00 | \$ 250.00 |
| Trustee Expense | | | | \$0.00 | \$340.00 | \$750.00 | \$ 1,090.00 |
| <u>Administrator</u> | <u>Date</u> | <u>Conference</u> | <u>Location</u> | <u>1st quarter</u> | <u>2nd quarter</u> | <u>3rd quarter</u> | <u>Year to Date</u> |
| J. Wickman | 9/24/2020 | Administrators Institute 2020 | Virtual | 500.00 | | | \$ 500.00 |
| | 11/10 -13/2020 | SACRS 2020 Fall Conference | Virtual | | 120.00 | | \$ 120.00 |
| | 2/12/2021 | CALAPRS Administrator Roundtable | Virtual | | 50.00 | | \$ 50.00 |
| | 3/8 - 9/2021 | CALAPRS General Assembly | Virtual | | 250.00 | | \$ 250.00 |
| | 5/11 - 14/2021 | SACRS Spring 2021 Conference | Virtual | | | 120.00 | \$ 120.00 |
| Assistant Administrator | | | | | | | |
| M. Hardesty | 9/10/2020 | CALAPRS Benefits Roundtable | Virtual | | 50.00 | | \$ 50.00 |
| Employee | | | | | | | |
| D. Sousa | 8/13/2020 | CALAPRS Benefits Roundtable | Virtual | 50.00 | | | \$ 50.00 |
| | 2/11/2021 | CALAPRS Benefits Roundtable | Virtual | | | 50.00 | \$ 50.00 |
| K. Hawkins | 8/13/2020 | CALAPRS Benefits Roundtable | Virtual | 50.00 | | | \$ 50.00 |
| L. Detwiler | 9/10/2020 | CALAPRS Benefits Roundtable | Virtual | | 50.00 | | \$ 50.00 |
| | 12/30/2020 - 1/1/2021 | Local Mileage | Local | | | 155.94 | \$ 155.94 |
| L. Jackson | 8/27/2020 | CALAPRS Accountants Roundtable | Virtual | 50.00 | | | \$ 50.00 |
| | 1/14/2021 | GFOA - Annual Governmental GAAP Update | Virtual | | | 195.00 | \$ 195.00 |
| L. Marshall | 7/15/2020 | CALAPRS Management Academy <i>Refund</i> | n/a | (3,000.00) | | | (3,000.00) |
| | 8/27/2020 | GFOA Internet Training | Virtual | 85.00 | | | \$ 85.00 |
| | 8/27/2020 | GFOA Internet Training | Virtual | 85.00 | | | \$ 85.00 |
| | 9/17/2020 | CALAPRS Accountants Roundtable | Virtual | 50.00 | | | \$ 50.00 |
| | 12/2 - 4/2020 | CALAPRS Advanced Course in Retirement Plan Administration | Virtual | | 200.00 | | \$ 200.00 |
| | 3/19/2021 | CALAPRS Accountants Roundtable | Virtual | | | 50.00 | \$ 50.00 |
| L. Martinez | 11/20/2020 | CALAPRS Retirement Disability Administration | Virtual | | 100.00 | | \$ 100.00 |
| L. Shamrock | 9/10/2020 | CALAPRS Benefits Roundtable | Virtual | | 50.00 | | \$ 50.00 |
| V. Matyurin | 10/30/2020 | CALAPRS Information Technology Roundtable | Virtual | | 50.00 | | \$ 50.00 |
| Administrator and Employee Expense | | | | (2,130.00) | 920.00 | 570.94 | (639.06) |
| <u>Counsel/Other</u> | <u>Date</u> | <u>Conference</u> | <u>Location</u> | <u>1st quarter</u> | <u>2nd quarter</u> | <u>3rd quarter</u> | <u>Year to Date</u> |
| Cortex | 10/31/2020 | Cortex on-site education session and off-site professional services | Virtual | | 6,350.00 | | \$ 6,350.00 |
| Counsel/Other Expense | | | | \$0.00 | \$6,350.00 | \$0.00 | \$ 6,350.00 |
| TOTAL MCERA Education and Due Diligence Expense | | | | (2,130.00) | 7,610.00 | 1,320.94 | 6,800.94 |

**MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
CONTINUING TRUSTEE EDUCATION SUMMARY
Wednesday, March 31, 2021**

24 hours required by January 24, 2021

Trustee Silberstein 30.62

24 hours required by August 25, 2021

Trustee Murphy 40.17

24 hours required by October 17, 2021

Trustee Klein 16.67

24 hours required by November 1, 2021

Trustee Block 14.16
Trustee Gladstern 17.67
Trustee Poirier 21.67
Trustee Werby 32.67

24 hours required by September 1, 2022

Trustee Jones 22.50

24 hours required by November 1, 2022

Trustee Thomas 15.50

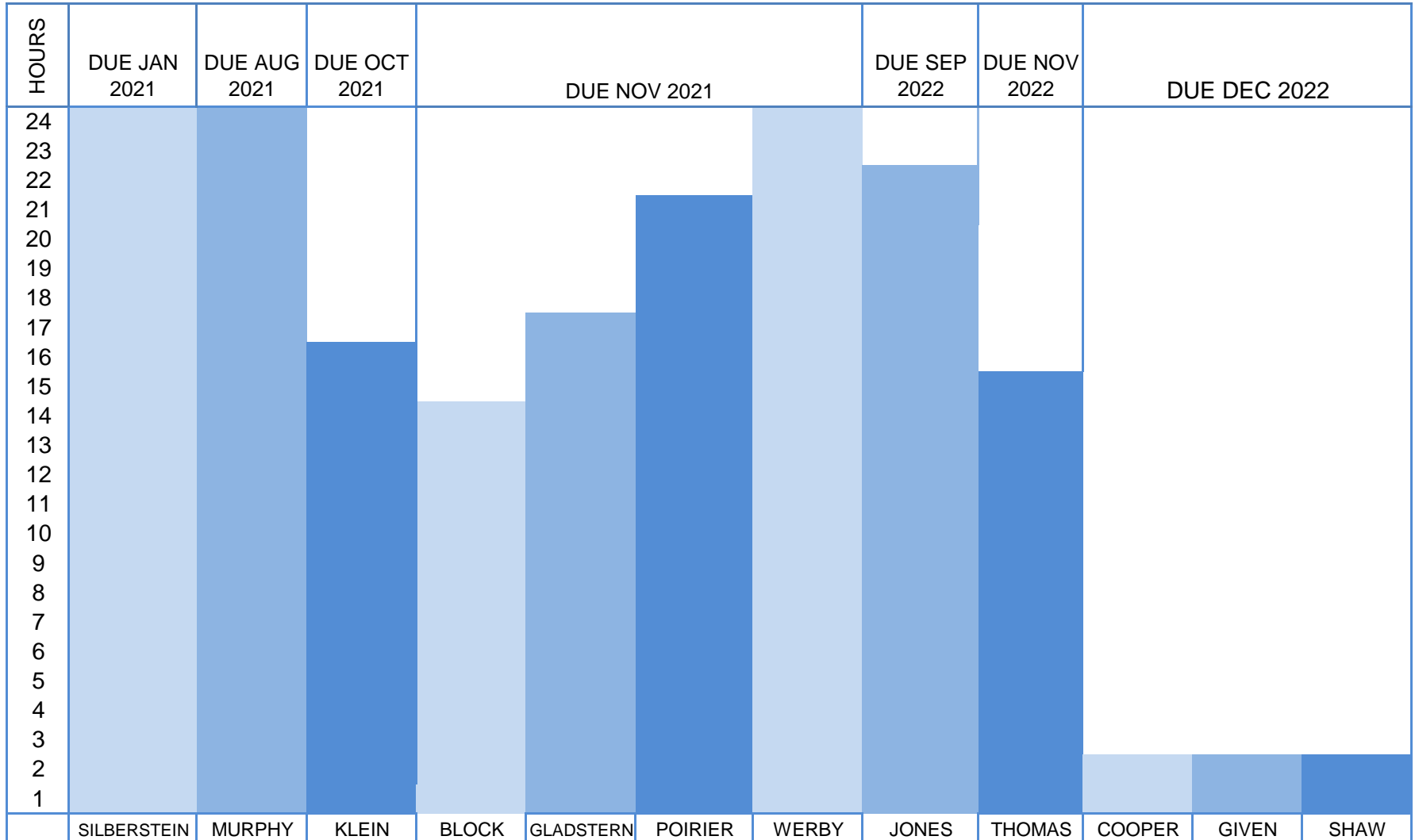
24 hours required by December 31, 2022

Trustee Cooper 2.00
Trustee Given 2.00
Trustee Shaw 2.00

B.2.a.3.b

CONTINUING TRUSTEE EDUCATION QUARTERLY SUMMARY CHART

Wednesday, March 31, 2021



B.2.a.3.b

| MCERA CONTINUING TRUSTEE EDUCATION LOG | | | | | | | | | | | | | |
|--|--|----------|---|-------------|---|----------------------------------|-------------------------|-----------------------|---|--|--|--|--|
| TRUSTEE Master Log | | | | TOPIC | | | | | | | | | |
| HOURS | DATE | SPONSOR | EVENT/SEMINAR | PENSION LAW | INVESTMENT PERFORMANCE MEASUREMENT ASSET ALLOCATION AND INVESTMENT MANAGEMENT | ACTUARIAL EVALUATION AND PROCESS | BENEFITS ADMINISTRATION | DISABILITY RETIREMENT | BOARD GOVERNANCE, ETHICS, & FIDUCIARY OBLIGATIONS | ORGANIZATION BUDGET & AUDIT PROCEDURES | | | |
| 24.00 | The later of December 31, 2014, or two years after assuming office, and biannually thereafter. | | | | | | | | | | | | |
| | | | See prior reports by date for earlier data. | | | | | | | | | | |
| 3.00 | 1/15/2019 | Nossaman | 2019 ILPA Roundtable - Investment Advisor Alignment Act, Fiduciary Duty issues at the SEC, ILPA Model LPA, GP-led secondaries and LPACs, Principles 3.0 | | | | | | X | | | | |
| 1.25 | 1/29/2019 | Callan | National Conference - Global Economic Outlook - the Opportunities and Challenges | | | X | | | | | | | |
| 1.00 | 1/29/2019 | Callan | National Conference - Callan's EDD Talk on Investment Theory and Design | | | X | | | | | | | |
| 1.25 | 1/29/2019 | Callan | National Conference - Social Intelligence | | | X | | | | | | | |
| 1.25 | 1/29/2019 | Callan | National Conference - Workshop - The Evolution of Strategic Allocations: What's Next? | | | X | | | | | | | |
| 1.25 | 1/29/2019 | Callan | National Conference - Workshop - Private Equity: Primary Investment Opportunities and Considerations | | | X | | | | | | | |
| 1.25 | 1/30/2019 | Callan | National Conference - Income Inequality Panel | | | | | | X | | | | |
| 1.25 | 1/30/2019 | Callan | National Conference - Condoleezza Rice | | | X | | | | | | | |
| 1.00 | 1/30/2019 | Callan | National Conference - Workshop - The Evolution of Strategic Allocations: What's Next? | | | X | | | | | | | |
| 1.00 | 1/30/2019 | Callan | National Conference - Workshop - Market Intelligence Panel - Live! | | | X | | | | | | | |
| 0.25 | 2/13/2019 | MCERA | Form 700 Refresher | | | | | | X | | | | |
| 0.50 | 2/13/2019 | MCERA | Actuarial Valuation Report | | | | X | | | | | | |
| 2.00 | 3/4/2019 | CII | Spring Conference - Master Class, How to Achieve Engaged Ownership | | | | | | X | | | | |
| 1.00 | 3/4/2019 | CII | Spring Conference - Directors as Change Agents | | | | | | X | | | | |
| 0.50 | 3/4/2019 | CII | Spring Conference - Interview with Hiro Mizuno of Japan's GPIF | | | | | | X | | | | |
| 0.50 | 3/4/2019 | CII | Spring Conference - Interview with Sarah Williamson: Focusing Capital on the Long Term | | | X | | | | | | | |
| 1.00 | 3/4/2019 | CII | Spring Conference - Human Capital Management Risks in the Gig Economy | | | | | | X | | | | |
| 0.50 | 3/5/2019 | CII | Spring Conference - Blockchain and Securities Trading | | | X | | | | | | | |
| 0.50 | 3/5/2019 | CII | Spring Conference - SEC Commissioner Hester Peirce | | | | | | X | | | | |
| 0.75 | 3/5/2019 | CII | Spring Conference - Panel: Pay Pioneers | | | | | | X | | | | |
| 0.50 | 3/5/2019 | CII | Spring Conference - Focusing on the "S" in ESG | | | | | | X | | | | |
| 0.75 | 3/5/2019 | CII | Spring Conference - Engaging in Market Policy Reform to Enhance Long-Term Performance | | | | | | X | | | | |
| 1.50 | 3/5/2019 | CII | Spring Conference - Luncheon Keynote: Leadership | | | | | | X | | | | |
| 1.00 | 3/5/2019 | CII | Spring Conference - Corporate Governance in Emerging Markets: What Matters Most? | | | | | | X | | | | |
| 0.83 | 3/6/2019 | CII | Spring Conference - Drivers of EM Capital Flows - Global Governance Developments | | | | | | X | | | | |

B.2.a.3.b

MCERA CONTINUING TRUSTEE EDUCATION LOG

TRUSTEE Master Log

| | | | | TOPIC | | | | | | | | | |
|--------------|--|----------------|--|-------------|------------------------------------|--|----------------------------------|-------------------------|-----------------------|---|--|--|--|
| HOURS | DATE | SPONSOR | EVENT/SEMINAR | PENSION LAW | INVESTMENT PERFORMANCE MEASUREMENT | ASSET ALLOCATION AND INVESTMENT MANAGEMENT | ACTUARIAL EVALUATION AND PROCESS | BENEFITS ADMINISTRATION | DISABILITY RETIREMENT | BOARD GOVERNANCE, ETHICS, & FIDUCIARY OBLIGATIONS | ORGANIZATION BUDGET & AUDIT PROCEDURES | | |
| 0.67 | 3/6/2019 | CII | Spring Conference - Investor Sentiment on Executive Pay Design | | | | | | | X | | | |
| 1.00 | 3/6/2019 | CII | Spring Conference - Investors Engage on #MeToo - CII Member Proxy Season Initiatives | | | | | | | X | | | |
| 27.25 | Hours for Quarter Ending March 31, 2019 | | | | | | | | | | | | |
| 0.50 | 4/9/2019 | Pension Bridge | Keynote Speaker - Macroeconomic View | | | X | | | | | | | |
| 0.83 | 4/9/2019 | Pension Bridge | The Deepening Crisis of Unfunded Pension Plans and its Far Reaching Effects of Fiscal Distress | | | | X | | | | | | |
| 0.75 | 4/10/2019 | Pension Bridge | Real Estate | | | X | | | | | | | |
| 0.25 | 4/10/2019 | Pension Bridge | Investing in Farmland | | | X | | | | | | | |
| 0.25 | 4/10/2019 | Pension Bridge | Investing in Water | | | X | | | | | | | |
| 1.00 | 4/16/2019 | MCERA | Strategic Workshop: Capital Markets Update | | | X | | | | | | | |
| 1.50 | 4/16/2019 | MCERA | Strategic Workshop: Asset Liability Review and Discussion | | | X | | | | | | | |
| 1.50 | 4/16/2019 | MCERA | Strategic Workshop: Fixed Income Role of Central Banks | | | X | | | | | | | |
| 1.00 | 4/16/2019 | MCERA | Strategic Workshop: Domestic Relations Orders Processing | | | | | X | | | | | |
| 1.00 | 4/17/2019 | MCERA | Strategic Workshop: Actuarial Assumptions - How Changes Impact the Plan's Liabilities | | | | X | | | | | | |
| 1.00 | 4/17/2019 | MCERA | Strategic Workshop: Cybersecurity Considerations | | | | | X | | | | | |
| 1.00 | 4/17/2019 | MCERA | Strategic Workshop: Public Retirement System Trustee Do's and Don'ts | | | | | | | X | | | |
| 2.00 | 5/2/2019 | MCERA | Sexual Harassment Prevention Training | | | | | | | X | | | |
| | | SACRS | Spring Conference | | | | | | | | | | |
| 2.00 | 5/7/2019 | SACRS | Sexual Harassment Prevention Training | | | | | | | X | | | |
| 2.00 | 5/7/2019 | SACRS | Ethics Training for Public Officials | | | | | | | X | | | |
| 1.00 | 5/8/2019 | SACRS | General Session - Retirement Readiness for Life After Full-Time Work | | | | | X | | | | | |
| 1.00 | 5/8/2019 | SACRS | General Session - Risks and Opportunities in the Current Macro Environment | | | X | | | | | | | |
| 1.00 | 5/8/2019 | SACRS | General Session - China - The Great Disruptor | | | X | | | | | | | |
| 1.00 | 5/8/2019 | SACRS | General Session - The Enterprise Risks Facing California's Pension Systems | | | X | | | | | | | |
| 1.75 | 5/8/2019 | SACRS | Ops/Benefits & Disability Breakout | | | | | | X | | | | |
| 1.75 | 5/8/2019 | SACRS | Investment Breakout | | X | | | | | | | | |
| 1.75 | 5/8/2019 | SACRS | Trustee Breakout | | | | | | | X | | | |
| 1.75 | 5/8/2019 | SACRS | Safety Breakout | | | | | | | X | | | |
| 1.00 | 5/9/2019 | SACRS | General Session - General Wesley Clark | | | X | | | | | | | |
| 1.00 | 5/9/2019 | SACRS | General Session - A Q&A with Robert Smith of Vista Equity Partners | | | | | | | X | | | |
| 1.00 | 5/9/2019 | SACRS | General Session - An Insiders View of Washington D.C. | | | X | | | | | | | |
| 1.00 | 5/9/2019 | SACRS | Concurrent Session A - The Case for Non-US Equities | | | X | | | | | | | |

B.2.a.3.b

MCERA CONTINUING TRUSTEE EDUCATION LOG

TRUSTEE Master Log

| | | | | TOPIC | | | | | | | | |
|---|------------|-------------|---|-------------|------------------------------------|--|----------------------------------|-------------------------|-----------------------|---|--------------|---------------------------|
| HOURS | DATE | SPONSOR | EVENT/SEMINAR | PENSION LAW | INVESTMENT PERFORMANCE MEASUREMENT | ASSET ALLOCATION AND INVESTMENT MANAGEMENT | ACTUARIAL EVALUATION AND PROCESS | BENEFITS ADMINISTRATION | DISABILITY RETIREMENT | BOARD GOVERNANCE, ETHICS, & FIDUCIARY OBLIGATIONS | ORGANIZATION | BUDGET & AUDIT PROCEDURES |
| 2.00 | 9/4/2019 | Nossaman | U.S. Pubic Pension Handbook: A Comprehensive Guide for Trustees and Staff | | | | | X | | | | |
| 0.83 | 9/5/2019 | Nossaman | California Public Pension Litigation Update | X | | | | | | | | |
| 0.50 | 9/5/2019 | Nossaman | Practical Considerations for Retirement System Trustees and Staff After the Supreme Court Rules in <i>Alameda</i> | X | | | | | | | | |
| 0.83 | 9/5/2019 | Nossaman | Roles and Responsibilities of Consultants, Managers, and Investors/LPACs | | | | | | | X | | |
| 1.00 | 9/5/2019 | Nossaman | Discussion of Institutional Limited Partners Association 3.0 | X | | | | | | | | |
| 0.67 | 9/5/2019 | Nossaman | Overview of Open-Ended vs. Close-Ended Funds | X | | | | | | | | |
| 0.50 | 9/5/2019 | Nossaman | Alternative Investment Issues in PPMs, LPAs, and Subscription Agreements | | | X | | | | | | |
| 0.33 | 9/5/2019 | Nossaman | Key Legal Considerations for Investments in Real Assets | X | | | | | | | | |
| 0.33 | 9/5/2019 | Nossaman | Current Legal Issues in PAS System Administration and Privacy | X | | | | | | | | |
| 0.33 | 9/5/2019 | Nossaman | Twists in Public Pension System Insurance Coverage for Fiduciaries | X | | | | | | | | |
| 0.92 | 9/5/2019 | Nossaman | Roundtable: Top Fiduciary Issues for Public Plans | | | | | | | X | | |
| 2.00 | 9/16/2019 | CII | Fall Conference - Master Class: Evaluating Pay for Performance | | | | | | | X | | |
| 0.75 | 9/16/2019 | CII | Fall Conference - Dual Class Stock and the Future of Corporate Governance | | | X | | | | | | |
| 0.75 | 9/16/2019 | CII | Fall Conference - Evolving the Board | | | | | | | X | | |
| 0.75 | 9/17/2019 | CII | Fall Conference - Fiduciary Duty and ESG in Investment: CIO Perspectives | | | | | | | X | | |
| 0.50 | 9/17/2019 | CII | Fall Conference - Public Company Accounting Oversight: Key Issues and Developments | | | | | | | | X | |
| 0.50 | 9/17/2019 | CII | Fall Conference - Gender Pay Equity | | | | | | | X | | |
| 0.25 | 9/17/2019 | CII | Fall Conference - Lessons from the front Lines: Challenges in Renewable Energy Deployment & Transitions | | | X | | | | | | |
| 1.00 | 9/17/2019 | CII | Fall Conference - Member-Hosted Panel: Forced Arbitration Clauses & the Repercussions for Institutional Investors | X | | | | | | | | |
| 1.75 | 9/17/2019 | CII | Fall Conference - Luncheon Keynote: The Secret and Benefits of Understanding Motivation at Work | | | | | | | X | | |
| 1.00 | 9/17/2019 | CII | Fall Conference - Breakout: Auditing Issues and Proxy Voting | | | | | | | X | | |
| 30.24 Hours for Quarter Ending September 30, 2019 | | | | | | | | | | | | |
| 2.00 | 10/4/2019 | TalentQuest | Preventing Discrimination and Harassment - Supervisors | | | | | | | X | | |
| 1.00 | 10/25/2019 | CalAPRS | Trustees' Roundtable - Evolving themes in Environmental, Social and Governance (ESG) investing | | | X | | | | | | |
| 0.50 | 10/25/2019 | CalAPRS | Trustees' Roundtable - ESG performance and integration | | X | | | | | | | |
| 1.00 | 10/25/2019 | CalAPRS | Trustees' Roundtable - Inside ESG, screening metrics, performance, opportunities and investment vehicles | | X | | | | | | | |
| 1.00 | 10/25/2019 | CalAPRS | Trustees' Roundtable - Practical matters of ESG including innovations and integration | | | X | | | | | | |

B.2.a.3.b

MCERA CONTINUING TRUSTEE EDUCATION LOG

TRUSTEE Master Log

| | | | | TOPIC | | | | | | | | | |
|--------------|---|---------------|---|-------------|------------------------------------|--|----------------------------------|-------------------------|-----------------------|---|--|---|--|
| HOURS | DATE | SPONSOR | EVENT/SEMINAR | PENSION LAW | INVESTMENT PERFORMANCE MEASUREMENT | ASSET ALLOCATION AND INVESTMENT MANAGEMENT | ACTUARIAL EVALUATION AND PROCESS | BENEFITS ADMINISTRATION | DISABILITY RETIREMENT | BOARD GOVERNANCE, ETHICS, & FIDUCIARY OBLIGATIONS | ORGANIZATION BUDGET & AUDIT PROCEDURES | | |
| | | SACRS | SACRS FALL CONFERENCE | | | | | | | | | | |
| 2.00 | 11/12/2019 | SACRS | Trustee Training | | | | | | | X | | | |
| 1.00 | 11/13/2019 | SACRS | General Session - Keynote Speaker Danny Glover | | | X | | | | | | | |
| 1.00 | 11/13/2019 | SACRS | General Session - Disruptive Technologies and Their Impact on Pension Plan Decisions | | | X | | | | | | | |
| 1.00 | 11/13/2019 | SACRS | General Session - Up in Smoke | | | X | | | | | | | |
| 3.00 | 11/13/2019 | SACRS | Safety Breakout | | | | | X | | | | | |
| 3.00 | 11/13/2019 | SACRS | Trustee Breakout | | | | | | | X | | | |
| 3.00 | 11/13/2019 | SACRS | Attorney Breakout | X | | | | | | | | | |
| 1.00 | 11/14/2019 | SACRS | General Session - Managing Hyper-Growth and Innovation | | | X | | | | | | | |
| 1.00 | 11/14/2019 | SACRS | General Session - Current Economic and Financial Outlook | | | X | | | | | | | |
| 1.00 | 11/14/2019 | SACRS | General Session - The What, Why and How of Diversity and Inclusion in the Public Pension Industry Workplace | | | | | | | X | | | |
| 1.00 | 11/14/2019 | SACRS | Concurrent Session A - Building a Private Credit Portfolio: Implementation Approaches, Considerations and Challenges | | | X | | | | | | | |
| 1.00 | 11/14/2019 | SACRS | Concurrent Session B - Pursuing What You're Due - One Retirement System's Experience Suing Its Carrier | X | | | | | | | | | |
| 1.00 | 11/14/2019 | SACRS | Concurrent Session C - 130-30 strategies are back. Exploring the benefits of active equity extension in today's investment landscape. | | | X | | | | | | | |
| 1.00 | 11/14/2019 | SACRS | Concurrent Session A - Changing Consumer Patterns - The Impact on Retail and Industrial Real Estate | | | X | | | | | | | |
| 1.00 | 11/14/2019 | SACRS | Concurrent Session C - CalPERS & SACRS - Reciprocity, Do I Get It? Part 1 of 2 - Legal, CalPERS Guest Panels at SACRS | | | | | X | | | | | |
| 1.00 | 11/14/2019 | SACRS | Concurrent Session B - Risk, Mortality and Other Things That Only an Actuary Can Love | | | | X | | | | | | |
| 1.00 | 11/14/2019 | SACRS | General Session - SACRS System Highlights & Key Takeaways | | | | | X | | | | | |
| 2.00 | 11/16/2020 | FPPC | Certified Public Service Ethics Training | | | | | | | X | | | |
| 0.67 | 12/11/2019 | MCERA | GASB 67-68 Report | | | | X | | | | | | |
| 0.25 | 12/11/2019 | MCERA | Audited Financial Statements | | | | | | | | | X | |
| 0.50 | 12/11/2019 | MCERA | Preliminary Valuation Results | | | | X | | | | | | |
| 30.92 | Hours for Quarter Ending December 31, 2019 | | | | | | | | | | | | |
| | | Callan | CALLAN NATIONAL CONFERENCE | | | | | | | | | | |
| 1.25 | 1/28/2020 | Callan | Keynote Speaker: Dr. Moyo | | | X | | | | | | | |
| 1.25 | 1/28/2020 | Callan | Vivek Wadhuaa on how technologies will change the world | | | X | | | | | | | |
| 1.00 | 1/28/2020 | Callan | Diversifying Strategies in Alternatives | | | X | | | | | | | |

B.2.a.3.b

MCERA CONTINUING TRUSTEE EDUCATION LOG

TRUSTEE Master Log

| | | | | TOPIC | | | | | | | | | |
|-------|-----------|---------|--|-------------|------------------------------------|--|----------------------------------|-------------------------|-----------------------|---|--|---|--|
| HOURS | DATE | SPONSOR | EVENT/SEMINAR | PENSION LAW | INVESTMENT PERFORMANCE MEASUREMENT | ASSET ALLOCATION AND INVESTMENT MANAGEMENT | ACTUARIAL EVALUATION AND PROCESS | BENEFITS ADMINISTRATION | DISABILITY RETIREMENT | BOARD GOVERNANCE, ETHICS, & FIDUCIARY OBLIGATIONS | ORGANIZATION BUDGET & AUDIT PROCEDURES | | |
| 1.00 | 1/28/2020 | Callan | Fee Study: What Institutional Investors are Actually Paying | | X | | | | | | | | |
| 1.25 | 1/29/2020 | Callan | Joseph Caughlin on how global demographics, technology and changing generational behaviors are transforming business and society | | | X | | | | | | | |
| 1.25 | 1/29/2020 | Callan | EDD Talk on Investment Theory and Design | | | X | | | | | | | |
| 1.75 | 1/29/2020 | Callan | Frank Abagnale on cybersecurity and fraud prevention | | | | | X | | | | | |
| 1.00 | 1/28/2020 | Callan | Diversifying Strategies in Alternatives | | | X | | | | | | | |
| 1.00 | 1/28/2020 | Callan | Market Intel Live! | | | X | | | | | | | |
| 2.00 | various | FPPC | Public Service Ethics Training | | | | | | | X | | | |
| 2.00 | 2/4/2020 | MCERA | Prevention of Sexual Harassment Training | | | | | | | X | | | |
| 0.25 | 2/12/2020 | MCERA | Annual Cost of Living Adjustment | | | | | X | | | | | |
| 1.00 | 2/12/2020 | MCERA | Actuarial Valuation Report as of June 30, 2019 | | | | X | | | | | | |
| 0.50 | 2/12/2020 | MCERA | Form 700 Refresher | | | | | | | X | | | |
| | | CalAPRS | GENERAL ASSEMBLY | | | | | | | | | | |
| 2.00 | 3/8/2020 | CalAPRS | Ethics in Public Service | | | | | | | X | | | |
| 0.75 | 3/8/2020 | CalAPRS | Fund Governance War Stories | | | | | | | X | | | |
| 1.25 | 3/8/2020 | CalAPRS | 6 Years Post-PEPRA - Are we getting the savings as promised? | | | | | X | | | | | |
| 1.00 | 3/9/2020 | CalAPRS | The Canadian Model | | | X | | | | | | | |
| 1.00 | 3/9/2020 | CalAPRS | Revisiting Simplicity in Investing | | | X | | | | | | | |
| 1.00 | 3/9/2020 | CalAPRS | Lessons from China | | | X | | | | | | | |
| 1.00 | 3/9/2020 | CalAPRS | Economic Outlook | | | X | | | | | | | |
| 1.00 | 3/9/2020 | CalAPRS | Updates About National Trends | | | X | | | | | | | |
| 1.00 | 3/10/2020 | CalAPRS | Disaster Recovery: Lessons Learned from New Orleans and Sonoma Retirement Systems | | | | | X | | | | | |
| 1.00 | 3/10/2020 | CalAPRS | Governance Best Practices | | | | | | | X | | | |
| | | CII | SPRING CONFERENCE | | | | | | | | | | |
| 2.00 | 3/9/2020 | CII | Master Class: 31 Flavors of Stewardship - Proxy Voting, Engagement and Sustainability | | | | | | | X | | | |
| 1.00 | 3/9/2020 | CII | SDG Adoption on a Global Scale: A Case Study | | | | | | | X | | | |
| 1.00 | 3/9/2020 | CII | Panel: How to Hold BRT Members to Account on Business Purposes | | | | | | | X | | | |
| 1.00 | 3/9/2020 | CII | Panel: Engaging Private Fund Managers on ESG Issues | | | | | | | X | | | |
| 1.00 | 3/9/2020 | CII | Panel: The Scope of Rule 10b-5 after Lorenzo v. SEC | X | | | | | | | | | |
| 0.75 | 3/9/2020 | CII | The Future for IPOs | | | X | | | | | | | |
| 0.67 | 3/9/2020 | CII | Accounting for Climate Change Risks | | | X | | | | | | | |
| 0.50 | 3/9/2020 | CII | Human Capital and the Future of Work | | | | | | | | | X | |
| 0.75 | 3/10/2020 | CII | What's Next at the SEC | | | | | | | X | | | |

B.2.a.3.b

MCERA CONTINUING TRUSTEE EDUCATION LOG

TRUSTEE Master Log

| | | | | TOPIC | | | | | | | | | |
|-------|---|---------|---|-------------|------------------------------------|--|----------------------------------|-------------------------|-----------------------|---|--|---|--|
| HOURS | DATE | SPONSOR | EVENT/SEMINAR | PENSION LAW | INVESTMENT PERFORMANCE MEASUREMENT | ASSET ALLOCATION AND INVESTMENT MANAGEMENT | ACTUARIAL EVALUATION AND PROCESS | BENEFITS ADMINISTRATION | DISABILITY RETIREMENT | BOARD GOVERNANCE, ETHICS, & FIDUCIARY OBLIGATIONS | ORGANIZATION BUDGET & AUDIT PROCEDURES | | |
| 0.75 | 3/10/2020 | CII | How Boards are Grappling with Oversight of Human Capital Management | | | | | | | | | X | |
| 0.75 | 3/10/2020 | CII | What's Next at the PCAOB | | | | | | | X | | | |
| 1.00 | 3/10/2020 | CII | Panel: Is It Time for Employee Representatives on Company Boards? | | | | | | | X | | | |
| 1.00 | 3/10/2020 | CII | Panel: Global Trends in Ownership and Control | | | | | | | X | | | |
| 1.00 | 3/10/2020 | CII | Panel: Corporate Governance and Climate Action: What Should Shareowners Seek | | | | | | | X | | | |
| 1.45 | 3/10/2020 | CII | Keynote: Top 10 Trends of the 2020's | | | | | | | X | | | |
| 1.00 | 3/10/2020 | CII | Breakout Panel: Cyber Threats to Long-term Performance | | | | | X | | | | | |
| 1.00 | 3/10/2020 | CII | Breakout Panel: Exchange Innovations - Speed Bumps and Predictions | | | | | | | X | | | |
| 1.00 | 3/10/2020 | CII | Breakout Panel: U.S. Policy Impacts on Pension Fund Investments in China | | | X | | | | | | | |
| 1.00 | 3/11/2020 | CII | Global Perspectives on Executive Compensation & Corporate Purpose | | | | | | | X | | | |
| 1.00 | 3/11/2020 | CII | Perspectives of Faith-Based Investors | | | X | | | | | | | |
| 1.50 | 3/11/2020 | CII | Shareholder Advocacy Committee Plenary and Lightening Round | | | | | | | X | | | |
| 48.62 | Hours for Quarter Ending March 31, 2020 | | | | | | | | | | | | |
| | | | SACRS WEBINAR SERIES | | | | | | | | | | |
| 1.50 | 5/12/2020 | SACRS | Operational Tools for Liquidity and Rebalancing during Market Volatility | | | X | | | | | | | |
| 1.50 | 5/13/2020 | SACRS | Don't Stop Thinking About Tomorrow - China A-share market & opportunities | | | X | | | | | | | |
| 1.50 | 5/13/2020 | SACRS | Private Markets Today vs. The Global Financial Crisis: What's the same, what's different, and where do we go from here? | | | X | | | | | | | |
| 1.50 | 5/14/2020 | SACRS | Cash Flows & Investment Management in the Time of COVID | | | X | | | | | | | |
| 1.50 | 5/15/2020 | SACRS | Has the Coronavirus Pandemic Changed the Outlook for ESG Investing? | | | X | | | | | | | |
| 1.50 | 5/19/2020 | SACRS | Private Market Investing in a Late-Cycle Market or Private Market Investing in the 8th Inning | | | X | | | | | | | |
| 1.50 | 5/20/2020 | SACRS | The Case for Investing with Small and Emerging Managers | | | X | | | | | | | |
| 1.50 | 5/21/2020 | SACRS | Litigation 101 & Current Cases | X | | | | | | | | | |
| 1.50 | 6/23/2020 | SACRS | The Ever-Changing Fixed Income Landscape: Where we were, where we are, and where are we going? | | | X | | | | | | | |
| 1.50 | 6/24/2020 | SACRS | Global market recovery in the face of a global pandemic—are we beyond the economic shocks? | | | X | | | | | | | |
| 1.50 | 6/25/2020 | SACRS | ESG Improvers: A New Alpha Enhancing Factor | | | X | | | | | | | |
| 2.00 | various | FPPC | Public Service Ethics Training | | | | | | | X | | | |
| 18.50 | Hours for Quarter Ending June 30, 2020 | | | | | | | | | | | | |
| 1.50 | 7/1/2020 | SACRS | Digging Into Inflation | | | X | | | | | | | |
| 1.50 | 7/7/2020 | SACRS | 2020 Vintage Should Outperform | | | X | | | | | | | |
| 2.00 | 7/30/2020 | FPPC | Public Service Ethics Training | | | | | | | X | | | |
| 1.25 | 8/12/2020 | MCERA | Investment Opportunities - Distressed Investments | | | X | | | | | | | |

B.2.a.3.b

MCERA CONTINUING TRUSTEE EDUCATION LOG

TRUSTEE Master Log

TOPIC

| HOURS | DATE | SPONSOR | EVENT/SEMINAR | PENSION LAW | INVESTMENT PERFORMANCE MEASUREMENT | ASSET ALLOCATION AND INVESTMENT MANAGEMENT | ACTUARIAL EVALUATION AND PROCESS | BENEFITS ADMINISTRATION | DISABILITY RETIREMENT | BOARD GOVERNANCE, ETHICS, & FIDUCIARY OBLIGATIONS | ORGANIZATION BUDGET & AUDIT PROCEDURES |
|-------|-----------|---------|--|-------------|------------------------------------|--|----------------------------------|-------------------------|-----------------------|---|--|
| 1.00 | 3/8/2021 | CalAPRS | Fort Knox or In Knots: Unraveling the Mystery of Cybersecurity | | | | | X | | | |
| 1.00 | 3/8/2021 | CalAPRS | COVID: One-Year Later - What's Changed? | | | X | | | | | |
| | | | TABLE TOPIC BREAKOUT SESSIONS | | | | | | | | |
| 1.00 | 3/8/2021 | CalAPRS | Capital Markets & Economic Outlook | | | X | | | | | |
| 1.00 | 3/8/2021 | CalAPRS | Technology | | | | | X | | | |
| 1.00 | 3/8/2021 | CalAPRS | COVID 19 - An Actuarial Perspective on Experience, Assumptions, and Policies | | | | X | | | | |
| 1.00 | 3/8/2021 | CalAPRS | Legal & Legislative Updates | X | | | | | | | |
| 1.00 | 3/8/2021 | CalAPRS | Investments | | | X | | | | | |
| 2.00 | 3/8/2021 | CalAPRS | AB1234 Ethics for Public Pension Trustees | | | | | | | X | |
| 1.00 | 3/9/2021 | CalAPRS | Unconscious Bias: A Quiet Performance Killer | | | | | | | X | |
| 1.00 | 3/9/2021 | CalAPRS | Evaluating the Risk of Investing in China | | | X | | | | | |
| 1.00 | 3/9/2021 | CalAPRS | The Australian Model – Understanding the Approach Taken by Super Annuation Funds | | | X | | | | | |
| 2.00 | 3/16/2021 | MCERA | Prevention of Sexual Harassment Training | | | | | | | X | |

42.75 Hours for Quarter Ending March 31, 2021

B.2.a.3.c Receipt

January 18, 2021 -February 17, 2021

| Posting Date | Transaction Date | Vendor | Amt. Charged | (Yes/No/Other) | For (dept.or area served) | Reason (or item purchased) |
|-------------------|------------------|-------------------------|--------------|----------------|---------------------------|------------------------------|
| Kiana 8171 | | | | | | |
| 1/20/2021 | 1/18/2021 | Cal Chamber of Commerce | \$ 39.23 | Yes | MCERA Staff | Office Supplies |
| 2/8/2021 | 2/5/2021 | Best Buy | \$ 1,421.99 | Yes | MCERA Staff | Electronic Supplies (Laptop) |
| 2/8/2021 | 2/7/2021 | Best Buy | \$ 49.03 | Yes | MCERA Staff | Electronic Supplies |
| 2/10/2021 | 2/9/2021 | Wall St Journal | \$ 143.47 | Yes | MCERA Staff | Subscriptions |
| 2/10/2021 | 2/9/2021 | Cisco Systems | \$ 162.00 | Yes | MCERA Staff | Subscriptions |
| 2/10/2021 | 2/9/2021 | The Economist | \$ 69.00 | Yes | MCERA Staff | Subscriptions |
| | | | | | | |
| | | Total: | \$ 1,884.72 | | | |
| | | | | | | |
| | | | | | | |
| Jeff 3902 | | | | | | |
| 2/5/2021 | 2/4/2021 | Zoom | \$ 114.95 | Yes | MCERA Board | Subscriptions |
| | | | | | | |
| | | Total: | \$ 114.95 | | | |
| | | | | | | |
| | | | | | | |
| | | Balance Total: | \$ 1,999.67 | | | |

B.2.a.3.c
Receipt

February 18, 2021 -March 17, 2021

| <u>Posting Date</u> | <u>Transaction Date</u> | <u>Vendor</u> | <u>Amt. Charged</u> | <u>(Yes/No/Other)</u> | <u>For (dept.or area served)</u> | <u>Reason (or item purchased)</u> |
|---------------------|-------------------------|-----------------|---------------------|-----------------------|----------------------------------|-----------------------------------|
| Kiana 8171 | | | | | | |
| 2/22/2021 | 2/19/2021 | Office Depot | \$ 64.42 | Yes | MCERA Staff | Office Supplies |
| | | | | | | |
| | | Total: | \$ 64.42 | | | |
| | | | | | | |
| Deanna 7558 | | | | | | |
| 3/1/2021 | 3/1/2021 | Annual Card Fee | \$ 25.00 | Yes | MCERA | BankCard Issued to: D. O'Brien |
| | | | | | | |
| | | Total: | \$ 25.00 | | | |
| | | | | | | |
| Jeff 3902 | | | | | | |
| 3/5/2021 | 3/4/2021 | Zoom.US | \$ 114.95 | Yes | MCERA Board | Subscriptions |
| | | | | | | |
| | | Total: | \$ 114.95 | | | |
| | | | | | | |
| | | Balance Total: | \$ 204.37 | | | |

B.2.a.3.c

March 18, 2021 - April 17, 2021

Receipt

| Posting Date | Transaction Date | Vendor | Amt. Charged | (Yes/No/Other) | For (dept.or area served) | Reason (or item purchased) |
|--------------------|------------------|---------------------|--------------|----------------|---------------------------|--|
| Kiana 8171 | | | | | | |
| 4/5/2021 | 4/3/2021 | Wall Street Journal | \$ 116.97 | Yes | MCA Board | Subscriptions |
| | | | | | | |
| | | Total: | \$ 116.97 | | | |
| Deanna 7558 | | | | | | |
| | | | | | | |
| | | | | | | |
| | | Total: | \$ - | | | |
| Jeff 3902 | | | | | | |
| 4/5/2021 | 4/2/2021 | Apple.com | \$ 1,602.32 | Yes | MCERA Staff | Ergonomic Equipment |
| 4/5/2021 | 4/4/2021 | Zoom.US | \$ 114.95 | Yes | MCA Board | Subscriptions |
| 4/1/2021 | 4/1/2021 | Annual Card Fee | \$ 25.00 | Yes | Bank | Bank |
| | | | | | | |
| | | Total: | \$ 1,742.27 | | | |
| Bank 6108 | | | | | | |
| 4/13/2021 | 4/13/2021 | Late Payment Fee | \$ 39.00 | Yes | Bank | Bank (Reversal May'2021 billing cycle) |
| 4/16/2021 | 4/16/2021 | Finance Charge | \$ 10.12 | Yes | Bank | Bank (Reversal May'2021 billing cycle) |
| | | | | | | |
| | | Total: | \$ 49.12 | | | |
| | | | | | | |
| | | Balance Total: | \$ 1,908.36 | | | |

B.2.a.3.g

MCERA Investment Manager Capital Calls, Distributions, Uncalled Capital, Net Asset Value & Other Transfers
FY20/21 Quarter Ending March 31, 2021

INVESTMENT: PRIVATE EQUITY

| Abbott Fund VI | | | | | | | |
|----------------|----------------|---------------------|--------------------|-------------------|--------------------|------------------|-------------------|
| Quarter | | | | Since Inception | | | December 31, 2020 |
| Date | Capital Call | Distribution | Initial Commitment | Paid-in Capital | Distributions | Uncalled Capital | Net Asset Value |
| | | | 100,000,000 | | | | |
| 8/18/2020 | 500,000 | (2,000,000) | | | | | |
| 9/30/2020 | 0 | (1,500,000) | | | | | |
| 11/10/2020 | 0 | (5,000,000) | | | | | |
| 12/29/2020 | 0 | (6,484,568) | | | | | |
| 3/22/2021 | 0 | (4,000,000) | | | | | |
| Total | 500,000 | (18,984,568) | 100,000,000 | 99,547,700 | 112,393,939 | 452,300 | 61,892,256 |

| Abbott Fund VII | | | | | | | |
|-----------------|----------------|--------------------|--------------------|-------------------|-------------------|------------------|-------------------|
| Quarter | | | | Since Inception | | | December 31, 2020 |
| Date | Capital Call | Distribution | Initial Commitment | Paid-in Capital | Distributions | Uncalled Capital | Net Asset Value |
| | | | 35,000,000 | | | | |
| 8/19/2020 | 175,000 | (525,000) | | | | | |
| 10/22/2020 | 0 | (875,000) | | | | | |
| 12/30/2020 | 175,000 | (2,275,000) | | | | | |
| 3/3/2021 | 0 | (2,625,000) | | | | | |
| Total | 350,000 | (6,300,000) | 35,000,000 | 34,475,000 | 13,825,000 | 525,000 | 46,922,201 |

| Abbott Investors 2016 | | | | | | | |
|-----------------------|------------------|--------------------|--------------------|-------------------|------------------|-------------------|-------------------|
| Quarter | | | | Since Inception | | | December 31, 2020 |
| Date | Capital Call | Distribution | Initial Commitment | Paid-in Capital | Distributions | Uncalled Capital | Net Asset Value |
| | | | 50,000,000 | | | | |
| 7/24/2020 | 991,250 | 0 | | | | | |
| 9/3/2020 | 2,000,000 | (2,100,000) | | | | | |
| 10/1/2020 | 1,203,750 | 0 | | | | | |
| 11/25/2020 | 700,000 | 0 | | | | | |
| 12/23/2020 | 2,162,500 | (1,525,000) | | | | | |
| Total | 7,057,500 | (3,625,000) | 50,000,000 | 36,888,752 | 4,900,000 | 13,111,248 | 41,999,631 |

| Abbott Investors 2017 | | | | | | | |
|-----------------------|------------------|--------------------|--------------------|------------------|----------------|------------------|-------------------|
| Quarter | | | | Since Inception | | | December 31, 2020 |
| Date | Capital Call | Distribution | Initial Commitment | Paid-in Capital | Distributions | Uncalled Capital | Net Asset Value |
| | | | 15,000,000 | | | | |
| 7/10/2020 | 465,000 | 0 | | | | | |
| 9/4/2020 | 821,250 | (915,000) | | | | | |
| 9/28/2020 | 345,000 | 0 | | | | | |
| 11/11/2020 | 288,750 | 0 | | | | | |
| 12/8/2020 | 213,750 | 0 | | | | | |
| 12/24/2020 | 570,000 | (343,125) | | | | | |
| Total | 2,703,750 | (1,258,125) | 15,000,000 | 8,280,002 | 915,000 | 6,719,998 | 9,525,059 |

| Abbott Investors 2021 | | | | | | | |
|-----------------------|----------------|--------------|--------------------|-----------------|---------------|------------------|-------------------|
| Quarter | | | | Since Inception | | | December 31, 2020 |
| Date | Capital Call | Distribution | Initial Commitment | Paid-in Capital | Distributions | Uncalled Capital | Net Asset Value |
| | | | 25,000,000 | | | | |
| 2/5/2021 | 375,000 | 0 | | | | | |
| 3/12/2021 | 495,618 | 0 | | | | | |
| Total | 870,618 | 0 | 25,000,000 | - | 0 | - | 9,525,059 |

| | | | | | | | |
|--------------------------------|-------------------|---------------------|--------------------|--------------------|--------------------|-------------------|--------------------|
| Total Abbott Commitment | 11,481,868 | (30,167,693) | 225,000,000 | 179,191,454 | 132,033,939 | 20,808,546 | 169,864,206 |
|--------------------------------|-------------------|---------------------|--------------------|--------------------|--------------------|-------------------|--------------------|

B.2.a.3.g

MCERA Investment Manager Capital Calls, Distributions, Uncalled Capital, Net Asset Value & Other Transfers
FY20/21 Quarter Ending March 31, 2021

INVESTMENT: PRIVATE EQUITY

| Pathway Fund 2008 | | | | | | | |
|-------------------|----------------|---------------------|--------------------|-------------------|--------------------|------------------|-------------------|
| Quarter | | | | Since Inception | | | December 31, 2020 |
| Date | Capital Call | Distribution | Initial Commitment | Paid-in Capital | Distributions | Uncalled Capital | Net Asset Value |
| | | | 100,000,000 | | | | |
| 8/31/2020 | 135,000 | (332,720) | | | | | |
| 9/30/2020 | 105,030 | (2,842,397) | | | | | |
| 10/30/2020 | 133,533 | (1,183,756) | | | | | |
| 11/30/2020 | 97,550 | (1,621,858) | | | | | |
| 12/31/2020 | 166,115 | (2,612,128) | | | | | |
| 1/8/2021 | 81,032 | (6,178,246) | | | | | |
| 2/25/2021 | 91,005 | (730,533) | | | | | |
| 3/31/2021 | 0 | (1,529,890) | | | | | |
| Total | 809,265 | (17,031,528) | 100,000,000 | 97,858,976 | 106,659,234 | 2,141,024 | 68,954,835 |

| Pathway Fund I7-3 | | | | | | | |
|-------------------|----------------|--------------------|--------------------|-------------------|-------------------|------------------|-------------------|
| Quarter | | | | Since Inception | | | December 31, 2020 |
| Date | Capital Call | Distribution | Initial Commitment | Paid-in Capital | Distributions | Uncalled Capital | Net Asset Value |
| | | | 35,000,000 | | | | |
| 7/31/2020 | 78,750 | (107,287) | | | | | |
| 8/31/2020 | 28,433 | (341,867) | | | | | |
| 9/30/2020 | 0 | (502,090) | | | | | |
| 10/30/2020 | 78,750 | (351,646) | | | | | |
| 11/30/2020 | 0 | (587,083) | | | | | |
| 12/31/2020 | 0 | (605,250) | | | | | |
| 1/29/2021 | 0 | (2,159,279) | | | | | |
| 2/26/2021 | 0 | (973,017) | | | | | |
| 3/31/2021 | 0 | (620,641) | | | | | |
| Total | 185,933 | (6,248,160) | 35,000,000 | 33,582,591 | 16,603,374 | 1,417,409 | 41,871,364 |

| Pathway Fund I8-9 | | | | | | | |
|-------------------|------------------|--------------------|--------------------|-------------------|------------------|-------------------|-------------------|
| Quarter | | | | Since Inception | | | December 31, 2020 |
| Date | Capital Call | Distribution | Initial Commitment | Paid-in Capital | Distributions | Uncalled Capital | Net Asset Value |
| | | | 50,000,000 | | | | |
| 7/1/2020 | 2,235,097 | (556,347) | | | | | |
| 7/31/2020 | 0 | (65,513) | | | | | |
| 8/31/2020 | 100,887 | (168,811) | | | | | |
| 9/30/2020 | 0 | (171,122) | | | | | |
| 10/30/2020 | 100,887 | (223,216) | | | | | |
| 11/30/2020 | 0 | (36,893) | | | | | |
| 12/31/2020 | 0 | (250,921) | | | | | |
| 1/29/2021 | 0 | (675,561) | | | | | |
| 2/26/2021 | 0 | (710,466) | | | | | |
| 3/31/2021 | 680,250 | (757,137) | | | | | |
| Total | 3,117,121 | (3,615,987) | 50,000,000 | 37,393,015 | 4,341,081 | 12,666,334 | 53,839,074 |

| Pathway Fund I9-3 | | | | | | | |
|-------------------|------------------|------------------|--------------------|------------------|------------------|------------------|-------------------|
| Quarter | | | | Since Inception | | | December 31, 2020 |
| Date | Capital Call | Distribution | Initial Commitment | Paid-in Capital | Distributions | Uncalled Capital | Net Asset Value |
| | | | 15,000,000 | | | | |
| 9/4/2020 | 400,164 | (15,614) | | | | | |
| 9/30/2020 | 95,595 | (247,929) | | | | | |
| 11/12/2020 | 187,660 | (15,415) | | | | | |
| 12/28/2020 | 332,167 | 0 | | | | | |
| 1/26/2021 | 477,249 | (204,803) | | | | | |
| 3/5/2021 | 427,554 | 0 | | | | | |
| Total | 1,920,389 | (483,761) | 15,000,000 | 8,067,556 | 1,257,307 | 6,932,444 | 8,311,673 |

| Pathway Fund I10-10 | | | | | | | |
|---------------------|------------------|--------------|--------------------|-----------------|---------------|------------------|-------------------|
| Quarter | | | | Since Inception | | | December 31, 2020 |
| Date | Capital Call | Distribution | Initial Commitment | Paid-in Capital | Distributions | Uncalled Capital | Net Asset Value |
| | | | 25,000,000 | | | | |
| 1/26/2021 | 330,895 | 0 | | | | | |
| 2/5/2021 | 2,266,502 | 0 | | | | | |
| 3/2/2021 | 836,002 | 0 | | | | | |
| Total | 3,433,399 | 0 | 25,000,000 | 0 | 0 | 0 | 0 |

| | | | | | | | |
|---------------------------------|-------------------|---------------------|--------------------|--------------------|--------------------|-------------------|--------------------|
| Total Pathway Commitment | 9,466,107 | (27,379,436) | 225,000,000 | 176,902,138 | 128,860,996 | 23,157,211 | 172,976,946 |
| Total Private Equity | 20,947,975 | (57,547,129) | 450,000,000 | 356,093,592 | 260,894,935 | 43,965,757 | 342,841,152 |

B.2.a.3.g

MCERA Investment Manager Capital Calls, Distributions, Uncalled Capital, Net Asset Value & Other Transfers
FY20/21 Quarter Ending March 31, 2021

INVESTMENT: OPPORTUNISTIC

| CarVal Credit Value V | | | | | | | |
|-----------------------|------------------|--------------|--------------------|------------------|---------------|-------------------|-------------------|
| Quarter | | | | Since Inception | | | December 31, 2020 |
| Date | Capital Call | Distribution | Initial Commitment | Paid-in Capital | Distributions | Uncalled Capital | Net Asset Value |
| | | | 33,500,000 | | | | |
| 12/31/2020 | 3,350,000 | | | | | | |
| Total | 3,350,000 | 0 | 33,500,000 | 3,422,955 | 0 | 30,077,045 | 3,350,000 |

| Fortress Credit Opps Value V | | | | | | | |
|------------------------------|------------------|--------------|--------------------|------------------|---------------|-------------------|-------------------|
| Quarter | | | | Since Inception | | | December 31, 2020 |
| Date | Capital Call | Distribution | Initial Commitment | Paid-in Capital | Distributions | Uncalled Capital | Net Asset Value |
| | | | 33,000,000 | | | | |
| 12/17/2020 | 1,650,000 | | | | | | |
| Total | 1,650,000 | 0 | 33,000,000 | 1,650,000 | 0 | 31,350,000 | 1,650,000 |

| Varde Dislocation Fund | | | | | | | |
|----------------------------|-------------------|--------------|--------------------|-------------------|---------------|-------------------|-------------------|
| Quarter | | | | Since Inception | | | December 31, 2020 |
| Date | Capital Call | Distribution | Initial Commitment | Paid-in Capital | Distributions | Uncalled Capital | Net Asset Value |
| | | | 33,500,000 | | | | |
| 11/9/2020 | 5,025,000 | 0 | | | | | |
| 1/7/2021 | 3,350,000 | 0 | | | | | |
| 2/17/2021 | 4,187,500 | 0 | | | | | |
| 3/31/2021 | 2,512,500 | 0 | | | | | |
| Total | 15,075,000 | 0 | 33,500,000 | 5,073,087 | 0 | 28,426,913 | 5,025,000 |
| Total Opportunistic | 20,075,000 | 0 | 100,000,000 | 10,146,042 | 0 | 89,853,958 | 10,025,000 |

B.2.a.3.g

MCERA Investment Manager Capital Calls, Distributions, Uncalled Capital, Net Asset Value & Other Transfers
FY20/21 Quarter Ending March 31, 2021

OTHER TRANSFERS and PORTFOLIO REBALANCE

Transfers, Redemptions and Dividends through March 31, 2021

Note:

All Since Inception amounts are as of September 20, 2020, as of September 30, 2020 pending the receipt of the Callan Quarterly Report for the Period ending December 31, 2020.

| MC0A - BlackRock US Real Estate | |
|---------------------------------|-------------------|
| Date | Amount |
| 1/28/2021 | 10,000,000 |
| Total | 10,000,000 |

| MGRB - Parametric Overlay Program | |
|-----------------------------------|---------------------|
| Date | Amount |
| 8/28/2020 | (30,000,000) |
| 10/30/2020 | (15,000,000) |
| Total | (45,000,000) |

| MCRG - STIF Account | |
|---------------------|-------------------|
| Date | Amount |
| 8/28/2020 | 30,000,000 |
| 10/30/2020 | 15,000,000 |
| 1/22/2021 | 10,000,000 |
| 1/22/2021 | (10,000,000) |
| 1/28/2021 | 14,000,000 |
| 1/28/2021 | (4,000,000) |
| 1/28/2021 | (10,000,000) |
| Total | 45,000,000 |

| MCRJ - Artisan International Growth Fund | |
|--|---------------------|
| Date | Amount |
| 1/21/2021 | (10,000,000) |
| Total | (10,000,000) |

| MCRJ - Parametric - Eaton Vance Structured | |
|--|-------------------|
| Date | Amount |
| 1/22/2021 | 10,000,000 |
| Total | 10,000,000 |

| MCRY - BlackRock TIPS | |
|-----------------------|------------------|
| Date | Amount |
| 1/28/2021 | 4,000,000 |
| Total | 4,000,000 |

| MCRY - KBI Global Resources | |
|-----------------------------|---------------------|
| Date | Amount |
| 1/28/2021 | (14,000,000) |
| Total | (14,000,000) |

REDEMPTIONS

| MCRI - UBS Trumbull Property Fund | | |
|-----------------------------------|--------------------|-------------------|
| Date | Amount | Redemption Amount |
| 10/5/20 FY20/21-Q1 9/30/20 | (301,570) | 20,000,000 |
| 1/7/21 FY20/21-Q2 12/31/20 | (2,061,935) | |
| 4/6/21 FY20/21-Q3 3/31/21 | (2,874,606) | |
| Total | (5,238,111) | 14,761,889 |

DIVIDENDS - Reinvestment Non-participant

| MCRI - AEW Core Property | |
|----------------------------|--------------------|
| Date | Amount |
| 11/5/20 FY20/21-Q1 9/30/20 | (888,501) |
| 2/8/21 FY20/21-Q2 12/31/20 | (868,924) |
| 5/10/21 FY20/21-Q3 3/31/21 | (842,488) |
| Total | (2,599,913) |

| MCRI - UBS Trumbull Property Fund | |
|-----------------------------------|--------------------|
| Date | Amount |
| 11/9/20 FY20/21-Q1 9/30/20 | (1,064,627) |
| 1/15/21 FY20/21-Q2 12/31/20 | (1,061,889) |
| 5/10/21 FY20/21-Q3 3/31/21 | (1,042,626) |
| Total | (3,169,142) |



Date: May 14, 2021
To: Finance and Risk Management Committee
 Marin County Employees' Retirement Association
From: Jeff Wickman, Retirement Administrator *JW*
Subject: 2021-22 Fiscal Year Budget Proposal

Background

This draft Administrative Budget is presented to you in compliance with the County Employees Retirement Law of 1937 ('37 Act) for the State of California. The draft has been developed using the following assumptions, goals and objectives for the upcoming year.

EXPENDITURES

Salaries and Benefits

Salaries and benefits make up approximately 65% of the total administrative budget. Salaries and benefits were budgeted using the following approach:

- All positions budgeted at the top step as defined in the County salary schedule
- No cost of living adjustment is budgeted
- Benefits are projected at 52% of salary, down from 54% in Fiscal Year 2020-21

In addition, projected total salaries for Fiscal Year 2021-2022 increased because of the following:

- The vacant Accounting Assistant position was reclassified to a Senior Accountant position. For the Fiscal Year the net cost increase for salary and benefits between the two positions is \$58,220.

The projected Salaries & Benefits Expenditures and three-year history are:

| | 2019-2020 | 2020-2021 | 2021-2022 |
|-------------------|--------------------|--------------------|--------------------|
| Regular Salaries | \$1,935,105 | \$2,000,684 | \$2,028,621 |
| Benefits | \$1,141,712 | \$1,080,369 | \$1,054,883 |
| Vehicle Allowance | \$ 9,950 | \$ 9,950 | \$ 9,950 |
| Total | \$3,086,767 | \$3,091,003 | \$3,093,454 |

B.2.a.4

Services and Supplies

Overall this category is projected to increase from the prior fiscal year. The increases are driven by three categories in Services and Supplies: i) premiums for fiduciary liability, property, cyber and crime insurance, ii) owner allocation for building expenses and iii) depreciation.

| | 2019-2020 | 2020-2021 | 2021-2022 |
|---------------|--------------------|--------------------|--------------------|
| Total: | \$1,207,792 | \$1,204,161 | \$1,305,121 |

Other Department Charges

This category represents the cost of services provided by County Departments (Human Resources, Finance and Information Technology) and is reimbursed by MCERA for specific goods and services. There is a projected increase in cost, but final numbers will not be available until August. As a result, we have budgeted half of what we understand the potential increase may be.

| | 2019-2020 | 2020-2021 | 2021-2022 |
|---------------|-------------------|-------------------|-------------------|
| Total: | \$ 354,314 | \$ 333,795 | \$ 357,961 |

| Yearly Comparison | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|
| Salaries and Benefits | \$2,736,000 | \$2,996,908 | \$3,086,767 | \$3,091,003 | \$3,093,454 |
| Services and Supplies | \$1,169,637 | \$1,150,572 | \$1,207,792 | \$1,204,161 | \$1,305,121 |
| Other Department Charges | \$ 350,900 | \$ 359,435 | \$ 354,314 | \$ 333,795 | \$ 357,961 |
| Sub-total | \$4,256,537 | \$4,506,915 | \$4,648,873 | \$4,628,959 | \$4,756,536 |
| Adjustments: | | | | | |
| Investment Management* (See details below) | (\$150,000) | (\$150,000) | (\$150,000) | (\$150,000) | (\$150,000) |
| Retiree Health** Care Administration: (See details below) | (\$200,000) | (\$225,000) | (\$275,000) | (\$275,000) | (\$300,000) |
| Total Expenditures: | \$3,906,537 | \$4,131,915 | \$4,223,873 | \$4,203,959 | \$4,306,536 |

B.2.a.4

Details of Reimbursable Expenses

*Investment Costs: Salary and benefit costs in the amount of \$150,000 are being excluded from the administrative budget because they are expenditures related to investment management by the Retirement Administrator.

**Health Care Costs: Salary and benefit costs in the amount of \$300,000 are being excluded from the administrative budget because they are expenses incurred in relation to the administration of retiree health benefits. Expenses related to MCERA's role in administering the County's post-retirement medical plan have increased over the past year. These expenses cannot be paid from the assets of the pension fund and will instead be paid by participating employers as an administrative cost.

Administrative Expense Limit Imposed by Government Code Section 31580.2

Section 31580.2 of the California Government Code provides that the expense of retirement administration shall be paid from the earnings of MCERA and limits the expense of administration to twenty-one-hundredths of one percent (21 basis points) of MCERA's total accrued actuarial liability. Although no specific date for determining MCERA's total accrued liability for this purpose is set in the Government Code, for MCERA purposes this date in practice has been, and is intended to continue to be, June 30 of the immediate prior fiscal year. In addition, computer hardware, software, and consulting expenses are not subject to the administrative budget cap.

| | 2016-17 | 2017-18 | 2018-19 |
|---------------------------------|----------------------|----------------------|----------------------|
| Actuarial Accrued Liability | \$2,469,100,000 | \$2,575,800,000 | \$2,722,600,000 |
| Administrative limit at .21% | \$5,185,110 | \$5,409,180 | \$5,717,460 |
| Total Requested Expenditures | \$3,930,640 | \$3,906,537 | \$4,131,915 |
| Basis Points of Proposed Budget | .16% | .15% | .15% |
| Difference Limit/Request | (\$1,254,470) | (\$1,502,643) | (\$1,585,545) |

| | 2019-20 | 2020-21 | 2021-22 |
|---------------------------------|----------------------|----------------------|----------------------|
| Actuarial Accrued Liability | \$2,847,300,000 | \$2,972,700,000 | \$3,124,800,000 |
| Administrative limit at .21% | \$5,979,330 | \$6,242,670 | \$6,562,080 |
| Total Requested Expenditures | \$4,223,873 | \$4,203,959 | \$4,306,536 |
| Basis Points of Proposed Budget | .15% | .14% | .14% |
| Difference Limit/Request | (\$1,755,457) | (\$2,038,711) | (\$2,255,544) |

B.2.a.4
MCERA Administrative Budget FY 2021/22
Proposal

| <u>Budget</u> | <u>FY 20/21</u> | <u>FY 21/22</u> | <u>Percent Change</u> | <u>Summary of Changes</u> |
|---|-----------------------|-----------------------|-----------------------|--|
| Salaries | 2,000,684.00 | 2,028,621.00 | 1.4% | Salaries budgeted at top step. No COLA. One position reclassification. |
| Benefits | 1,080,369.00 | 1,054,883.00 | -2.4% | Benefits calculated at 52% of salary |
| Auto Allowance | 9,950.00 | 9,950.00 | 0.0% | |
| Total Salaries and Benefits | 3,091,003.00 | 3,093,454.00 | 0.1% | |
| Professional Services | 94,800.00 | 99,800.00 | 5.3% | See budget detail below |
| Finance Services (bank fees) | 6,000.00 | 6,000.00 | 0.0% | |
| Insurance Premiums | 77,000.00 | 96,800.00 | 25.7% | See budget detail below |
| Utilities (owner allocation) | 191,090.00 | 240,200.00 | 25.7% | See budget detail below |
| Professional Development | 48,500.00 | 48,500.00 | 0.0% | See budget detail below |
| Travel | 30,000.00 | 20,000.00 | -33.3% | Reduced travel cost for portion of FY 21/22 |
| Reprographic Services | 32,200.00 | 29,000.00 | -9.9% | See budget detail below |
| Board & Commission Payments | 10,600.00 | 12,700.00 | 19.8% | Increase based on FY 20/21 actual expenses |
| Medical Advisor | 12,000.00 | 12,000.00 | 0.0% | |
| Independent Medical Examinations | 130,000.00 | 130,000.00 | 0.0% | |
| Hearings | 65,000.00 | 65,000.00 | 0.0% | |
| Investigations | 2,000.00 | 2,000.00 | 0.0% | |
| Total Medical/Disabilities | 209,000.00 | 209,000.00 | 0.0% | |
| Office Supplies/Expenses | 19,400.00 | 20,600.00 | 6.2% | See budget detail below |
| Miscellaneous Supplies (food) | 8,000.00 | 5,000.00 | -37.5% | Budgeted for in person meetings beginning 2022 |
| Sub-total Professional Services | 726,590.00 | 787,600.00 | 8.4% | |
| Depreciation ₂ | 477,571.00 | 517,521.00 | 8.4% | See budget detail below |
| Total Services and Supplies | 1,204,161.00 | 1,305,121.00 | 8.4% | |
| Inter-fund IST Telephone | 25,900.00 | 25,900.00 | 0.0% | |
| Inter-fund Indirect Overhead | 307,895.00 | 332,061.00 | 7.8% | County-wide cost allocation available August 2021 |
| Total Interdepartmental Charges | 333,795.00 | 357,961.00 | 7.2% | |
| Total Administrative Expenses | \$4,628,959.00 | \$4,756,536.00 | 2.8% | |
| Salary Expenditures Related to Investment Management | (150,000.00) | (150,000.00) | 0.0% | |
| Salary Expenditures Related to Health Care Administration | (275,000.00) | (300,000.00) | 9.1% | |
| Total Adjustments | (425,000.00) | (450,000.00) | 5.9% | |
| Total Budgeted Expenditures | 4,203,959.00 | 4,306,536.00 | 2.4% | |
| Administrative Limit By Law | 6,242,670.00 | 6,562,080.00 | 5.1% | |
| Actuarial Accrued Liability | 2,972,700,000 | 3,124,800,000 | 5.1% | |
| Basis Points Limit | 0.21% | 0.21% | | |
| Total Allowable Budget | 6,242,670.00 | 6,562,080.00 | 5.1% | |
| Actual Basis Points | 0.14% | 0.14% | | |
| Difference Actual vs. Allowable | 2,038,711.00 | 2,255,544.00 | 10.6% | |

B.2.a.4

Budget Details:

Professional Services

| | | | |
|---|------------------|------------------|------|
| Innovest | 38,000.00 | 38,000.00 | 0.0% |
| Brown Armstrong | 49,000.00 | 49,000.00 | 0.0% |
| COM Registrar of Voters (Board elections) | 1,000.00 | 1,000.00 | 0.0% |
| Fort Docs | 3,800.00 | 3,800.00 | 0.0% |
| Professional Services (various) | 2,000.00 | 2,000.00 | 0.0% |
| Woodmont Realty Advisors | 0.00 | 5,000.00 | 0.0% |
| Investigations (personnel) | 1,000.00 | 1,000.00 | 0.0% |
| | 94,800.00 | 99,800.00 | 5.3% |

Insurance Premiums

| | | | | |
|--------------------------------|------------------|------------------|-------|--------------------------------------|
| CSACS (Master Crime) | 0.00 | 4,300.00 | 0.0% | New budget line item |
| Risk Strategies (Fiduciary) | 77,000.00 | 85,000.00 | 10.4% | Increase based on broker projections |
| AJ Gallagher (Cyber Insurance) | 0.00 | 7,500.00 | 0.0% | New budget line item |
| | 77,000.00 | 96,800.00 | 25.7% | |

Utilities

| | | | | |
|-------------------------------------|-------------------|-------------------|-------|---|
| Marin Sanitary Service (shredding) | 0.00 | 600.00 | 0.0% | Previously budgeted under Office Supplies |
| Woodmont (tenant operating expense) | 191,090.00 | 239,600.00 | 25.4% | |
| | 191,090.00 | 240,200.00 | 25.7% | |

Professional Development

| | | | |
|---------------|------------------|------------------|------|
| Memberships | 15,000.00 | 15,000.00 | 0.0% |
| Subscriptions | 7,500.00 | 7,500.00 | 0.0% |
| Training | 26,000.00 | 26,000.00 | 0.0% |
| | 48,500.00 | 48,500.00 | 0.0% |

Reprographic Services

| | | | |
|--------------------|------------------|------------------|--------|
| Copy Machine Lease | 23,200.00 | 23,200.00 | 0.0% |
| County Print Shop | 9,000.00 | 5,800.00 | -35.6% |
| | 32,200.00 | 29,000.00 | -9.9% |

Office Supplies

| | | | | |
|------------------------------------|------------------|------------------|---------|-----------------------------------|
| Marin Sanitary Service (shredding) | 600.00 | 0.00 | -100.0% | Budgeted under Utilities |
| Cellular Services | 2,500.00 | 7,500.00 | 200.0% | Based on FY 20/21 actual expenses |
| Postage | 2,000.00 | 1,100.00 | -45.0% | Based on FY 20/21 actual expenses |
| Ergonomic Supplies | 1,000.00 | 500.00 | -50.0% | Based on FY 20/21 actual expenses |
| Electronic Supplies | 5,300.00 | 3,500.00 | -34.0% | Based on FY 20/21 actual expenses |
| Miscellaneous Office Supplies | 8,000.00 | 8,000.00 | 0.0% | |
| | 19,400.00 | 20,600.00 | 6.2% | |

Depreciation

| | | | | |
|---|-------------------|-------------------|------|---|
| 1 McInnis Parkway | 78,499.00 | 78,499.00 | 0.0% | Per the 1 McInnis Asset depreciation schedule |
| Tenant Improvements Suite 100 | 19,519.00 | 19,519.00 | 0.0% | Per the TI Suite 100 Asset depreciation schedule |
| Tenant Improvements Main Lobby | 15,079.00 | 15,079.00 | 0.0% | Per the TI Main Lobby Asset depreciation schedule |
| Tenant Improvements Suite 200 | 0.00 | 15,025.00 | 0.0% | Per the TI Suite 200 Asset depreciation schedule |
| Tenant Improvements Suite 250 | 0.00 | 12,498.00 | 0.0% | Per the TI Suite 250 Asset depreciation schedule |
| Tenant Improvements Main 2nd Flr Corridor | 0.00 | 8,887.00 | 0.0% | Per the TI 2nd Flr Corridor Asset depreciation schedule |
| Building Cardlock System | 0.00 | 3,540.00 | 0.0% | Per the Cardlock System Asset depreciation schedule |
| CPAS (12 years straight line depr) | 364,474.00 | 364,474.00 | 0.0% | |
| | 477,571.00 | 517,521.00 | 8.4% | |

B.2.a.4

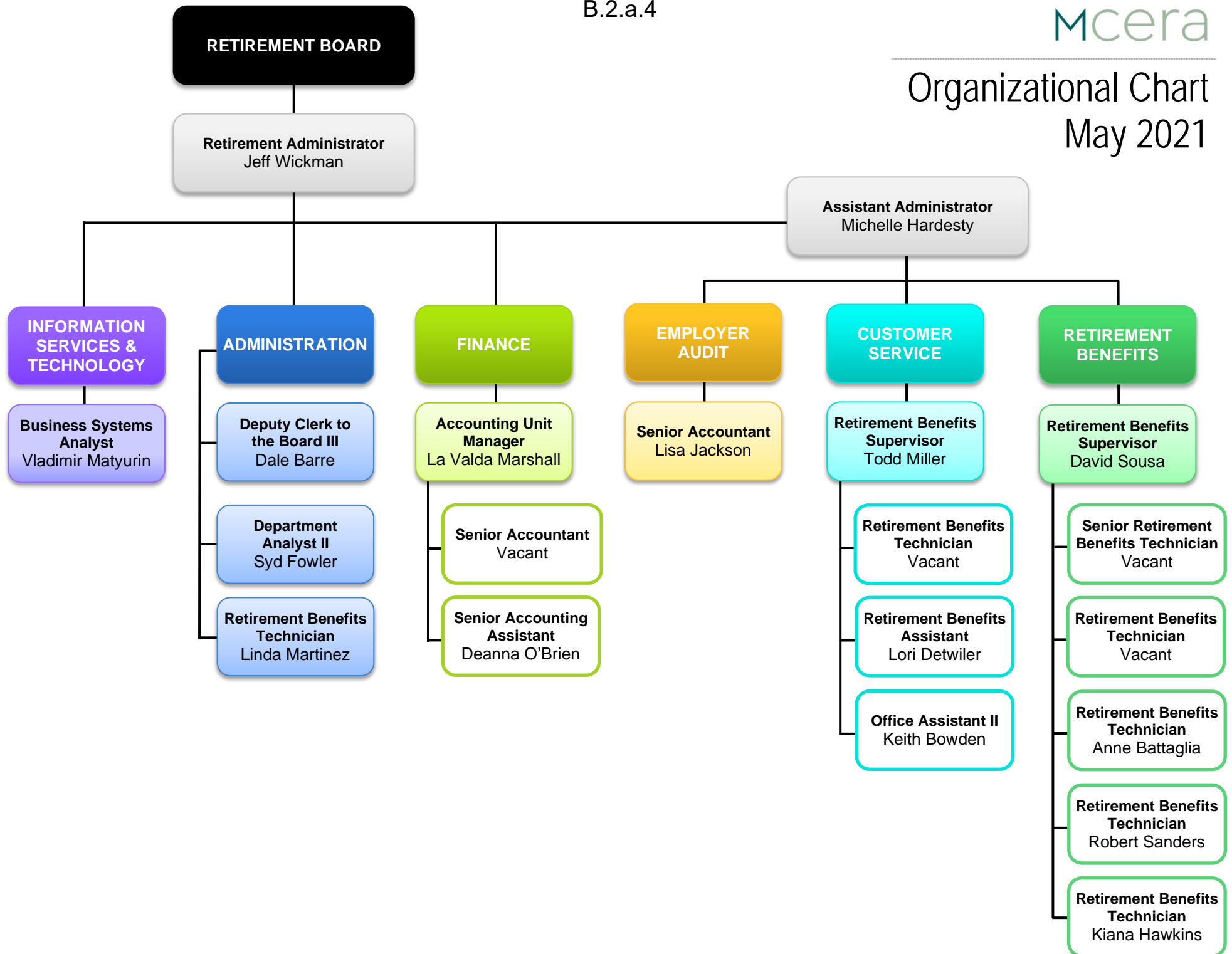
Marin County Employees' Retirement Association Budgeted Position List

May 14, 2021

| Position | Team Member |
|---------------------------------------|--------------------|
| Retirement Benefits Technician | Anne Battaglia |
| Retirement Benefits Technician | Kiana Hawkins |
| Retirement Benefits Technician | Vacant |
| Retirement Benefits Technician | Vacant |
| Retirement Benefits Technician | Linda Martinez |
| Retirement Benefits Technician | Robert Sanders |
| Senior Retirement Benefits Technician | Vacant |
| Retirement Benefits Assistant | Lori Detwiler |
| Senior Accountant | Lisa Jackson |
| Senior Accountant | Vacant |
| Senior Accounting Assistant | Deanna O'Brien |
| Office Assistant II | Keith Bowden |
| Department Analyst II | Sydney Fowler |
| Business Systems Analyst | Vladimir Matyurin |
| Deputy Clerk of the Board III | Dale Barre |
| Retirement Benefits Supervisor | David Sousa |
| Retirement Benefits Supervisor | Todd Miller |
| Accounting Unit Manager | La Valda Marshall |
| Assistant Retirement Administrator | Michelle Hardesty |
| Retirement Administrator | Jeff Wickman |
| | |
| Total 20 | 16 |

Organizational Chart

May 2021





Date: May 14, 2021
To: Finance and Risk Management Committee
 Marin County Employees' Retirement Association (MCERA)
From: Jeff Wickman *W*
 Retirement Administrator
Subject: Cash Management

Background

At the March 24, 2021 Finance and Risk Management Committee meeting the Retirement Administrator reviewed MCERA's current process for managing operational cash needs as part of agenda item B.3.i, Other items from the Administrator related to risk and finance, at the request of the Committee Chair. The key items presented to the Committee were:

- The portfolio's asset allocation does not have a target for cash.
- Monthly cash needs are covered by incoming contributions from employers and distributions from private equity and real estate managers.
- There have been times when securities are sold to cover cash needs. When this happens, staff works with Callan to determine the best, most liquid option in the portfolio to raise cash or rebalance.
- All cash is held in the custodian short term investment fund.
- The single biggest monthly expense and most important financial transaction is funding monthly retiree payroll which is currently approximately \$13.7 million per month.
- On a daily basis, staff monitor cash, conduct analysis, and make projections.
- Prior to March 2020 cash equal to 2-3 months of benefit payments/expenses was held.
- After March 2020, cash equal 4-5 months of benefit payments/expenses is held.
- Some excess cash is being used to fund the new private credit and private equity commitments.
- No securities have been sold to raise cash since March 2020.
- All cash is fully exposed to the market through the futures overlay program managed by Parametric.

The Retirement Administrator closed the presentation by saying that staff felt comfortable with the current process for managing cash needs.

The Committee mentioned the use of a line of credit for cash needs to avoid having to sell securities at inopportune times, or as an alternative, an allocation of cash in the portfolio to use when margin requirements are raised during market dislocations. The Committee requested that this item be agendaized for discussion at the May 19, 2021 Finance and Risk Management Meeting.

Discussion

In preparation for the discussion at the May meeting the Retirement Administrator surveyed six retirement systems who operate under the County Employees Retirement Law (CERL), like MCERA, to understand how the systems manage their cash needs. Of the six:

- Four have allocations to cash with target ranges varying from 1% to 3%.
- Two have no allocations to cash, with one of the two having a small line of credit.
- Five use cash overlay programs similar to MCERA.
- All six manage cash like MCERA, using monthly contributions from employers to manage immediate needs. Two have prepayment programs that provide additional cash at the beginning of the fiscal year.

On April 27, 2021 at the Board Strategic Workshop Callan Associates presented an overview of the Asset/Liability Study that they will be conducting for MCERA. Preliminary results of the study will be presented to the Board in October with the final report scheduled for December. The study will focus on three primary areas:

1. Reviewing MCERA's current investment program
2. Building an integrated asset-liability model
3. Developing preliminary asset-liability results

In the process of reviewing MCERA's current investment program, Callan will also be analyzing cash flows to determine the optimal way to manage cash needs.

Recommendation

Although the Committee could discuss and potentially recommend changes to the current cash management process for consideration by the full Board, staff believes a more appropriate course would be to wait for presentation of the results from the Asset/Liability Study and discuss cash management at that time. Staff believes there is sufficient cash being held in the custodial account. Increases to incoming cash from private equity and real estate distributions have provided additional cash for funding new commitments which frees up other available cash for benefit payments and expenses.

B.2.a.6 Annual Audit of Financial Statements Update

This is a discussion with no backup.



VIRTUAL TRUSTEES' ROUNDTABLE

Monday, May 10, 2021
9:00 am - 2:30 pm
Held Virtually On Zoom

Meeting Chair: Henry (Hank) Levy, CPA/CFE., Alameda County Treasurer-Tax Collector, Trustee Alameda County Employee Retirement Association, Deferred Compensation Plan Officer

AGENDA

- | | |
|------------|--|
| 9:00 a.m. | Welcome and Introductions of Attendees |
| 9:15 a.m. | Public Pension Reform: Lessons from Canada for the U.S. <i>Speakers:</i> <i>Paul Rosenstiel, Former Trustee, CalSTRs, Moderator</i> <i>Clive Lipshitz, Tradewind Interstate Advisors</i> <i>Dominic Garcia, CIO, New Mexico Public Employees Retirement Association</i> <i>Allan Emkin, Managing Principal, Meketa Investment Group</i> |
| 11:30 a.m. | Lunch Break |
| 12:00 p.m. | Understanding the Role of Public Pension Funds in Shareholder Litigation and Other Options for Exercising Shareholder Rights <i>Speakers:</i> <i>Michael D. Herrera, Senior Staff Counsel, LACERA, Moderator</i> <i>Nicole Lavallee, Partner, Berman Tabacco</i> <i>Darren Robbins, Partner, Robbins Geller Rudman & Dowd</i> <i>Scott Zdrazil, Senior Investment Officer, LACERA</i> |
| 2:15 p.m. | Open Discussion: What's Happening at Your System? |
| 2:30 p.m. | Select New Chair or Co-Chairs and Adjourn |

Mark Your Calendar for the next [CALAPRS Virtual Trustees' Round Table](#) on October 29, 2021.



SACRS ANNUAL SPRING CONFERENCE

MAY 11-14, 2021

TUESDAY, MAY 11

1:00PM – 3:00PM ETHICS TRAINING FOR TRUSTEES AND STAFF

This two-hour mandatory bi-annual training for public officials covers conflict of interest rules, public meeting and record requirements, due process requirements and other significant rules for legal compliance by public officials, with a particular focus on how these rules apply to retirement board trustees and senior staff. *This class is pending approval for MCLE credit

SPEAKERS: Ashley Dunning and Peter Mixon, Nossaman LLP

3:00PM – 5:00PM SEXUAL HARASSMENT PREVENTION TRAINING FOR LOCAL AGENCY OFFICIALS (AB1661)

Nossaman LLP attorneys John Kennedy and Allison Callaghan will present "Sexual Harassment Prevention Training for Local Agency Officials (AB1661)". AB 1661 requires that if a local agency provides any type of compensation, salary, or stipend to its officials, then all local agency officials of the agency shall receive at least two hours of sexual harassment prevention and education training within the first six months of taking office or commencing employment and every two years thereafter. This interactive training session will meet the requirements under AB 1661 and AB 1825 (sexual harassment prevention training to employees who perform supervisory functions) and assist attendees in preventing and effectively responding to complaints of sexual harassment. *This class pending approval for MCLE credit.

SPEAKERS: John Kennedy and Allison Callaghan, Nossaman LLP

5:00PM – 6:00PM SACRS WELCOME RECEPTION

Build interactive collaborations, uncover new opportunities, and enjoy a great networking experience from the comfort of your desk. Interact in real-time just by joining a breakout. You'll video chat with other professionals from the conference.

5:00PM – 6:00PM REPRESENTED LABOR MEMBERS MEET & GREET NETWORKING

Come join your labor member and allies for a meet and greet. All are welcome to network.

WEDNESDAY, MAY 12

7:00AM – 8:00AM SACRS WELLNESS SESSION – Virtual Yoga

Need some Wellness in your life? Join us for a virtual Yoga Class to start your conference day. Attendees will receive a link to participate in a yoga session for all levels. Class is taught by a professional yoga instructor, preregistration is required, fees apply.

8:45AM – 9:00AM GENERAL SESSION - Welcome

SPEAKER: Vivian Gray, SACRS President

9:00AM – 10:00AM GENERAL SESSION - Keynote Speaker

Dr. David Kelly is the Chief Global Strategist and Head of the Global Market Insights Strategy Team for J.P. Morgan Asset Management. With over 20 years of experience, David provides valuable insight and perspective on the economy and markets to the institutional investor and financial advisor global communities. Throughout his career, David has developed a unique ability to explain complex economic and market issues in a language that financial professionals can use to communicate to their clients. He is a keynote speaker at many national investment conferences and a frequent guest on CNBC, Bloomberg, and other financial media outlets.

SPEAKER: David Kelly, JP Morgan

MODERATOR: Frank Mottek, CBS Station KNX 1070 News Radio

10:00AM – 10:30AM SACRS NETWORKING BREAK

Build interactive collaborations, uncover new opportunities, and enjoy a great networking experience from the comfort of your desk. Interact in real-time just by joining a breakout. You'll video chat with other professionals from the conference.

10:30AM – 11:30AM GENERAL SESSION - A CIO Perspective in a Time of Disruption

SPEAKERS: Daryn Miller, Kern CERA; Steve Sexauer, San Diego CERA and Steve Davis, Sacramento CERS

MODERATOR: Ian Toner, CIO, Verus Investments



SACRS ANNUAL SPRING CONFERENCE

MAY 11-14, 2021

WEDNESDAY, MAY 12 *(continued)*

11:30AM – 12:30PM GENERAL SESSION - A Private Market Lens into Washington & the Biden Administration

David Rubenstein, Co-Founder and Co-Chairman of Carlyle, followed by Q&A with Aksia Vice Chairman, David Fann.

SPEAKER: David Rubenstein, The Carlyle Group

MODERATOR: David Fann, Aksia

12:30PM – 1:45PM SACRS NETWORKING LUNCH

Build interactive collaborations, uncover new opportunities, and enjoy a great networking experience from the comfort of your desk. Interact in real-time just by joining a breakout. You'll video chat with other professionals from the conference.

2:00PM – 4:30PM BREAKOUT SESSIONS

Ops/Benefits & Disability Breakout

Metrics Development:

LACERA's Process Management and Systems team are working to develop business metrics across a number of the Member Operations Group divisions. We will discuss these efforts and how we are using PowerBI to create dashboards to assist supervisors and management to understand workloads and how we are performing.

Roundtable:

Alameda Decision
Uploading Member Documents
Member Experience or Member Journey

SPEAKERS: Carlos Barrios, Los Angeles CERA and Maggie Luong, Los Angeles CERA

Affiliate Breakout

SACRS Spotlight Series - In-Depth Investment Discussion with SACRS' Pension Plans

The SACRS Spotlights Series will provide educational, one-on-one conversations with participating SACRS' Plans to get to know the people responsible for overseeing and managing the investment funds. These in-depth conversations will explore everything from how they are organized, their culture, how they work with their consultants and managers as well as what is on the horizon for their asset allocation and future investment opportunities. Join us and learn more about Los Angeles CERA, San Bernardino CERA and Fresno CERA.

SPEAKERS: Fresno CERA: Nathan Magsig, Chairman, Board of Supervisors for District 5; Donald Kendig, Administrator and Doug Kidd, Investment Officer

Los Angeles CERA: Jonathan Gabel, CIO; Ted Wright, Public Equity; David Simpson, Private Equity; Vache Mahseredjian, Public Debt; Jim Rice, Real Estate & Real Assets and Jude Perez, Portfolio Analytics

San Bernardino CERA: Jacob Abbott, Senior Investment Analyst; Thomas Kim, Senior Investment Analyst; Don Pierce, CIO, Senior Investment Analyst and Amit Thanki, Senior Investment Analyst

MODERATOR: Fresno CERA-Lesley Nettles, TRowe Price; Los Angeles CERA - Wally Fikri, William Blair and San Bernardino CERA - Michael Bowman, The Capital Group

Attorney Breakout *Closed Session

Roundtable Discussion for CERL System General Counsel, limited to System GC and/or their designee(s)

MODERATOR: Ashley Dunning, Nossman LLC

Internal Auditors Breakout

Best Practices for Working Remotely
GASB Update

SPEAKERS: Brenda Greenwood, Kern CERA; Joe Michaels, San Bernardino CERA and Robert Griffin, Williams Adley, CPA

MODERATOR: Harsh Jadhav, Alameda CERA

Administrators Breakout *Closed Session

SPEAKER: Leanne Malison, Tulare CERA



SACRS ANNUAL SPRING CONFERENCE

MAY 11-14, 2021

WEDNESDAY, MAY 12 *(continued)*

Investment Breakout *Closed Session

SPEAKER/MODERATOR: *Tim Price, Contra Costa CERA*

Trustee Breakout

SPEAKER: *Von Hughes, PIMCO*

Safety Breakout

MODERATOR: *Brian Williams, Sonoma CERA*

5:30PM – 6:30PM SACRS ANNUAL WEDNESDAY NIGHT EVENT - Magician Richard Hurley, Dueling Pianos Show, Dinner and Cocktails, and More!

On May 12 the Wednesday Night Event will feature Zoom Rooms with gateways to a variety of opportunities to mix, mingle, feel like you're at a real party, and even treat the kids to a magic show! Be amazed by Magician Richard Hurley, who regularly performs at the world-famous Magic Castle in Hollywood, as he presents a live interactive magic show. Sing-along with Jeff & Rhiannon in an audience-interactive Dueling Pianos Show as they take the audience's song requests in real time. Feel like cooking? Join the Bon Appetite crowd and enjoy an interactive dinner and cocktails demo with Giselle Wellman, Top Chef Contestant. Enjoy these entertainment experiences and more during the SACRS Wednesday Night Event!

SPEAKERS: *Rich Hurley, Magician; Jeff and Rhiannon Dueling Pianos; Giselle Wellman, Top Chef Contestant*

THURSDAY, MAY 13

7:00AM – 8:00AM SACRS VIRTUAL FUN RUN

Staying active during this time of social distancing is important for our mental and physical well-being! Sign up for the Virtual Run and be rewarded for your efforts! The SACRS Fall Conference Virtual Fun Run event can be run or walked from any location you choose. You can run, jog, or walk on the road, on the trail, or on the treadmill. Send us a selfie or walk with friends, don't forget to send us your picture for the annual photo! Pre-registration is required, participation fee is \$15 and includes a fun run T-shirt. Registration cut off to receive a shirt prior to conference is April 31, all shirts will be mailed to participants directly.

8:45AM – 9:00AM GENERAL SESSION - Welcome, Recognitions & Volunteer Award

SPEAKER: *Vivian Gray, SACRS President*

9:00AM – 10:00AM GENERAL SESSION - Why You Should See the World Through the Eyes of a Bond Investor

Let's be honest. Bond investors just see the economy, opportunities and risk differently than economists and equity investors. One of the world's most famous fixed income investors, Mohamed El-Erian shares his views on the state of the economy. We will discuss how growth, credit, access to capital, inflation and geopolitical dynamics are likely to be shaped by monetary and fiscal policy in the US, International Developed Markets and Emerging Markets.

SPEAKER: *Mohamed El-Erian, Gramercy*

MODERATOR: *Sam Austin, NEPC*

10:00AM – 10:30AM SACRS NETWORKING BREAK

Build interactive collaborations, uncover new opportunities, and enjoy a great networking experience from the comfort of your desk. Interact in real-time just by joining a breakout. You'll video chat with other professionals from the conference.

10:30AM – 11:30AM GENERAL SESSION - Diversity Equity and Inclusion

An open and honest DEI-focused discussion between Seema Hingorani, Morgan Stanley and the Founder of *Girls Who Invest*, and Nancy Sims the CEO of the *Toigo Foundation* led by Maisie Short of Manulife and the Co-Founder of Women in Institutional Investments Network. The speakers will delve into the intersection of diversity, inclusion, and investing, sharing anecdotes from their career journeys and actionable solutions for plans sponsors, Trustees, consultants and investment managers looking to advance diversity, equity and inclusion within their organizations.

SPEAKER: *Seema Hingorani, Morgan Stanley and Nancy Sims, Toigo Foundation*

MODERATOR: *Maisie Short, Women In Institutional Investing (WIIIN) President*



SACRS ANNUAL SPRING CONFERENCE

MAY 11-14, 2021

THURSDAY, MAY 13 *(continued)*

11:30AM – 12:30AM GENERAL SESSION - How California is Leading the Revolution in Sustainable Energy and the Future of Transportation

SPEAKER: Steve Westly, *The Westly Group*

MODERATOR: Frank Mottek, *CBS Station KNX 1070 News Radio*

12:30PM – 1:45PM SACRS NETWORKING LUNCH

Build interactive collaborations, uncover new opportunities, and enjoy a great networking experience from the comfort of your desk. Interact in real-time just by joining a breakout. You'll video chat with other professionals from the conference.

2:00PM – 3:00PM CONCURRENT SESSIONS

Concurrent Session A

Double Bottom Line: Investing in Your Community-Education on How it can be Done in your Asset Allocation Investment

Audience of Trustees (decision makers), Investment Professionals, and Affiliates (asset managers, consultants, service providers) would leave the session understanding how to incorporate community investing with some social benefit into fixed income, real assets, and venture capital.

SPEAKERS: Nancy Pfund, *Founder and Managing Partner of DBL Partners*; Brian Barney, *CFA, Parametric Managing Director* and Andrew Brausa, *Senior Vice President, Brookfield's Private Equity Group*

MODERATOR: Mika Malone, *CAIA, Managing Principal / Consultant, Meketa*

Concurrent Session B

The Next Stage of PEPPRA: Implementing the Alameda Decision and Update on the Administrative Appeals and Litigation That Have Followed

This session will describe how the California Supreme Court's Alameda Decision has been implemented in various CERL systems, provide an update on the administrative appeals and litigation that have followed, and provide General Counsel and Litigation Counsel perspectives on these developments.

SPEAKERS: Barbara Hannah, *San Bernardino CERA* and Ashley Dunning, *Nossaman LLP*

MODERATOR: Debby Cherney, *San Bernardino CERA*

Concurrent Session C

Cyber Self-Defense, Practical advice to protect your digital life

The world of hacking and cyber security is complicated and abounds with information as well as mis-information. Mr. Heim will cut through the noise and share his practical advice for keeping yourself and families safe. His self-defense formula that he uses personally and with his family has been built on decades of experience.

SPEAKER: Patrick Heim, *SYN Ventures*

MODERATOR: Kristina Susac, *SecurityAdvisor*

3:00PM – 3:30PM SACRS NETWORKING BREAK

Build interactive collaborations, uncover new opportunities, and enjoy a great networking experience from the comfort of your desk. Interact in real-time just by joining a breakout. You'll video chat with other professionals from the conference.

3:30PM – 4:30PM CONCURRENT SESSIONS

Concurrent Session A

What Now for China's Public and Private Equity Markets?

We will address the investing landscape in China from the public and private markets perspective, reflecting on opportunities and challenges post COVID, as well as in light of ever evolving US-China relations. We will discuss the structural developments and opportunities of the huge China public equity markets, which are under-represented in both global and emerging markets indices. The domestic markets, valuations, cross border deals and internationalization of several China businesses further establish China as an increasingly important and investable part of our global economy

SPEAKERS: Christian McCormick, *Allianz Global Investors* and Xiang (Sean) Fan, *Goldman Sachs Gao Hua Securities Company Limited*

MODERATOR: Molly Murphy, *Orange CERS*



SACRS ANNUAL SPRING CONFERENCE

MAY 11-14, 2021

THURSDAY, MAY 13 *(continued)*

▣ Concurrent Session B

Legislative Update 2021

SPEAKERS: Trent Smith, Mike Robson and Bridgett McGowan, SACRS Lobbyists

MODERATOR: Eric Stern, Sacramento CERS and David Nelsen, Alameda CERA

▣ Concurrent Session C

4:30PM – 5:30PM **SACRS EDUCATION COMMITTEE MEETING**

SPEAKER: JJ Popowich, SACRS Education Committee Chair

4:30PM – 5:30PM **SACRS NOMINATING COMMITTEE MEETING**

SPEAKER: Dan McAllister, SACRS Nominating Committee Chair

FRIDAY, MAY 14

8:45AM – 9:45AM **GENERAL SESSION - COVID-19 Update**

Caitlin Rivers is an infectious disease epidemiologist and faculty member at the Johns Hopkins Bloomberg School of Public Health. Dr. Rivers' work focuses on pandemic preparedness, response, and health security policy.

SPEAKER: Dr. Caitlin Rivers, Johns Hopkins Bloomberg School of Public Health

MODERATOR: Dr. David MacDonald, Contra Costa CERA and SACRS Board Member

9:45AM – 10:00AM **SACRS NETWORKING BREAK**

10:00AM – ADJ **SACRS BUSINESS MEETING**

SPEAKERS: SACRS Board of Directors



VIRTUAL ATTORNEYS' ROUNDTABLE

Friday, May 28, 2021
10:00 a.m. – 3:00 p.m.
Held Virtually On Zoom

AGENDA

- 10:00 a.m. Welcome and Introductions
- Open Discussion About Coming out of the Pandemic: Legal Issues for Public Retirement Systems
- 10:05 a.m. Public Board Meetings
Discussion co-leads: Jeff Rieger, Chief Counsel, Alameda County Employees' Retirement Association & Ashley Dunning, Nossaman LLP
- 10:30 a.m. Return to Work Rules for Staff
Discussion lead: Paul Okada, General Counsel, San Mateo County Employees' Retirement Association
- 10:45 a.m. Retiree Re-Hire and Re-Instatement Rules
Discussion lead: Jennifer Zahry, General Counsel, Kern County Employees' Retirement Association
- 11:00 a.m. Staff Work Schedules and Remote Work
Discussion co-leads: Brant Will, Chief Legal Officer, San Diego County Employees' Retirement Association and Stephen Lau, General Counsel, Sacramento County Employees' Retirement System
- 11:15 a.m. Disability Hearings (Administrative Hearing Process)
Discussion co-leads: Alan Blakeboro, Reicker, Pfau, Pyle & McRoy, LLP & Cristal Rodriguez, Santa Barbara County Employees' Retirement System.
- 12:00 p.m. Lunch Break
- 1:00 p.m. Non-Disability Retirement Administrative Appeals and Due Process (e.g., felony forfeitures and Alameda corrections, etc.)
Discussion lead: Ashley Dunning, Nossaman LLP



- 1:30 p.m. Digital Signature Policies and Use [e.g., enrollment cards beneficiary designations, 415 notifications etc.)]
Discussion co-leads: Brant Will, Chief Legal Officer, San Diego County Employees' Retirement Association & David Lantzer, Senior Staff Counsel, San Bernardino County Employees' Retirement Association
- 2:00 p.m. Use of Retirement System Building/Office Space after Full Return to Office
Discussion lead: Stephen Lau, General Counsel, Sacramento County Employees' Retirement System
- 2:15 p.m. Roundtable Discussion: What's happening in your system?
All attendees invited to participate in discussion.
- 2:55 p.m. Select chair (or co-chairs) for next Roundtable
- 3:00 p.m. Adjourn

B.3.b Other Comments

This is a discussion with no backup.

C.1 Election to Fill Board Officer Vacancy

There is no backup for this agenda item.



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MCERA.org

Date: June 4, 2021

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

From: Jeff Wickman *fw*
Retirement Administrator

Subject: **MCERA Funding Policy**

Background

At the May 5, 2021 meeting of the Board of Retirement, a request was made to agendize a discussion of the actuarial funding policies used by MCERA to help fund future benefit payments for members and record policy guidelines established by the Board to assist in administering MCERA in a consistent and efficient manner.

Each year the Board's actuary conducts an actuarial valuation of MCERA's benefit plans and presents the results to the Board of Retirement. Included in the report is information on the Plan's assets, liabilities and the employer and employee contribution rates for the upcoming year. The calculations are based on the actuarial practices previously adopted by the Board which are then documented in the valuation report. The Board, through action, adopts the annual valuation which sets in place the future normal cost contribution rates for the members in the numerous benefit tiers that MCERA administers, as well as the contribution rates, including the rates attributable to the unfunded accrued liability (UAL), for each of MCERA's participating employers.

Because of the terms under which they each joined MCERA, the City of San Rafael and Novato Fire Protection District have separate valuations from the pooled valuation applicable to the County of Marin and other participating employers. The adoption of the report affirms the policies and practices the actuary follows for funding the plan. The Board currently considers the Annual Actuarial Valuation to represent its primary "funding" policy. Details of the specific funding policies adopted by the Board, as set forth in the Annual Actuarial Valuation, can found in Section I, Executive Summary, Section II, Risk Analysis, and Appendix B, Statement of Current Actuarial Assumptions, and Methods. In addition, the Board has adopted additional policies that address other specific aspects of the funding of MCERA: the Actuarial Economic Assumptions Policy, Interest Crediting Policy, and Unrestricted Earnings Policy.

Discussion

MCERA's actuarial valuation refers to a "funding policy" in multiple places within the document. The reference suggests that a separate and unique policy may be in place when in fact the reference is in large part to the policies reflected in the actuarial valuation.

Twelve of the 20 county retirement systems governed by the County Employees Retirement Law (CERL) have a separate and unique funding policy, in addition to the detailed information included in the annual valuation report, that mirrors the information presented in the valuation. Some of them also address the topics contained in MCERA's additional funding policies. Although more than half of the CERL systems have standalone funding policies, each of those policies are unique to the policy decisions that the boards of those systems have made over the years and a funding policy of one CERL system could not simply be imported to MCERA.

The advantage of having a separate Funding Policy is providing easier access to the information as opposed to having to review the nearly 200-page annual actuarial valuation. Drafting a separate Funding Policy would not require a substantial amount of work on the part of staff. However, staff would need to assess whether the additional funding policies should be included in a single restated Funding Policy document. In addition, the Funding Policy would need to describe the manner in which MCERA addresses funding by its various participating employers. A separate Funding Policy also requires that it be reviewed and updated at least annually to ensure alignment with any changes that have been adopted by the Board based on the recommendation of the consulting actuary.

Recommendation

MCERA has its own statutory, and potentially contractual, obligations related to the funding of the retirement system. The Board has made funding-related policy decisions that are expressed both in MCERA's annual valuation and in the additional funding policies. Those obligations and prior policy decisions would need to be analyzed and considered first by the Governance Committee, and then by the full Board, when proceeding with this potential project.

The Board should determine whether they wish to direct the Governance Committee to review and discuss a draft Funding Policy at its next meeting. The Board would then review any policy referred by the Committee for final action.

C.3 Future Meetings

This is a discussion with no backup.

**D.1
MCERA
CONFERENCE AND TRAINING CALENDAR
June 2021**

| Block | Cooper | Given | Gladstern | Jones | Klein | Murphy | Poirier | Shaw | Silberstein | 3 rd Member | Werby | Wickman | Hardesty | Dunning | Matyurin | Marshall | DATE | APPROVED | SPONSOR | PROGRAM | LOCATION |
|-------|--------|-------|-----------|-------|-------|--------|---------|------|-------------|------------------------|-------|---------|----------|---------|----------|----------|-------------|----------|---------|--|--------------------------------|
| | | | | | | | | | | | | | | | | | 6/7-11/21 | * | CalAPRS | Advanced Principles of Pension Governance for Trustees | Virtual |
| | | | | | | | | | | | | | | | | | 6/14-18/21 | ** | Wharton | Investment Strategies & Portfolio Management | Virtual |
| | | | | | | | | | | | | | | | | | 6/22/21 | * | CalAPRS | Administrative Assistants' Round Table | Virtual |
| | | | | | | | | | | | | | ✱ | | | | 6/25/21 | * | CalAPRS | Benefits Round Table | Virtual |
| | | | | | | | | | | | | ✱ | | | | | 6/25/21 | * | CalAPRS | Administrators' Round Table | Virtual |
| | | | | | | | | | | | | | | | | | 7/13-22/21 | * | SACRS | Public Pension Investment Management Program | Virtual |
| | | | | | | | | | ✱ | | | | | | | | 7/19-21/21 | * | Callan | National Conference | Salt Lake City, UT and Virtual |
| | | | | | | | | | | | | | | | | | 8/17/21 | * | Callan | Introduction to Investments | Virtual |
| | | | | | | | | | | | | | | | | | 8/22-24/21 | * | NCPERS | Public Pension Forum | New York, NY |
| | | | | | | | | | | | | | | | | | 8/23-9/1/21 | * | CalAPRS | Management Academy | Virtual |
| | | | | | | | | | | | | | | | | | 9/9/21 | * | CalAPRS | Investments Round Table | Virtual |
| | | | | | | | | | | | | | | | | ✱ | 9/14/21 | * | CalAPRS | Accountants' Round Table | Virtual |
| | | | | | | | | | | | | | ✱ | | | | 9/17/21 | * | CalAPRS | Benefits Round Table | Virtual |
| | | | | | | | | | | | | | | ✱ | | | 9/17/21 | * | CalAPRS | Attorneys' Round Table | Virtual |
| | | | | | | | | | | | | ✱ | | | | | 9/22-24/21 | * | CalAPRS | Administrators' Institute | Virtual |
| | | | | | | | | | | | | | | | | | 9/22-24/21 | * | CII | Fall Conference | Chicago, IL |

D.1

| Block | Cooper | Given | Gladstern | Jones | Klein | Murphy | Poirier | Shaw | Silberstein | 3 rd Member | Werby | Wickman | Hardesty | Dunning | Matyurin | Marshall | DATE | APPROVED | SPONSOR | PROGRAM | LOCATION |
|-------|--------|-------|-----------|-------|-------|--------|---------|------|-------------|------------------------|-------|---------|----------|---------|----------|----------|--------------|----------|---------|--|-----------------|
| | | | | | | | | | | | | | | | | | 9/22-28/21 | * | NCPERS | Fall Conference | Scottsdale, AZ |
| | | | | | | | | | | | | | | | | | 9/27-10/1/21 | * | CalAPRS | Principles of Pension Governance for Trustees | Malibu, CA |
| | | | | | | | | | | | | | | | | | 10/8/21 | * | CalAPRS | Disability Retirement Administration | Virtual |
| | | | | | | | | | | | | | | | ✱ | | 10/22/21 | * | CalAPRS | Information Technology Round Table | Virtual |
| | | | | | | | | | | | | | | | | | 10/26/21 | * | CalAPRS | Administrative Assistants' Round Table | Virtual |
| | | | | | | | | | | | | | | | | | 10/26/21 | * | Callan | Introduction to Investments | Virtual |
| | | | | | | | | | | | | | | | | | 10/29/21 | * | CalAPRS | Trustees' Round Table | Virtual |
| | | | | | | | | | | | | | | | | | 11/3-5/21 | * | CalAPRS | Intermediate Course in Retirement Plan Administration | Virtual |
| | | | | | | | | | | | | | | | | | 11/7-10/21 | ** | CRCEA | Fall Conference | Long Beach, CA |
| | | | | | | | | | | | | | | | | | 11/9-12/21 | * | SACRS | Fall Conference | Hollywood, CA |
| | | | | | | | | | | | | | | | | | 12/8-10/21 | * | CalAPRS | Advanced Course in Retirement Plan Administration | Virtual |
| | | | | | | | | | | | | | | | | | 3/5-8/22 | * | CalAPRS | General Assembly | Virtual |
| | | | | | | | | | | | | | | | | | 3/7-9/22 | * | CII | Spring Conference | Washington, DC |
| | | | | | | | | | | | | | | | | | 3/30-4/1/22 | * | CalAPRS | Advanced Principles of Pension Governance for Trustees | Los Angeles, CA |
| | | | | | | | | | | | | | | | | | 5/22-25/22 | * | NCPERS | Annual Conference | Washington, DC |
| | | | | | | | | | | | | | | | | | 5/22-25/22 | * | NCPERS | Program for Advanced Trustee Studies | Washington, DC |
| | | | | | | | | | | | | | | | | | 9/20-22/22 | * | CII | Fall Conference | Boston, MA |

D.1

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

CALLAN

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

NCPERS
SACRS

National Conference of Public Employee Retirement Systems
State Association of County Retirement Systems
<http://www.sacrs.org>

CONSENT CALENDAR**MCERA BOARD MEETING, WEDNESDAY, JUNE 9, 2021****May 2021****RETURN OF CONTRIBUTIONS**

| | | | |
|--------------------|--------------------------------------|----|-----------|
| Elia Lawatsch | Full Refund - Termination | \$ | 11,894.80 |
| Fred Marziano | Partial Refund - 30 year overpayment | \$ | 5,196.05 |
| Anthony Schweitzer | Full Refund - Termination | \$ | 3,153.72 |
| Steve Wilbur | Partial Refund - Age change | \$ | 4,556.43 |

BUYBACKS

| | | | |
|-----------------|--|----|-----------|
| Ian Adams | | \$ | 22,183.72 |
| David T. Chavez | | \$ | 3,942.88 |
| Guy Crow | | \$ | 7,791.90 |
| Raquel Heraldez | | \$ | 22,500.00 |
| Scott Pedersen | | \$ | 51,728.78 |
| Catherine Quffa | | \$ | 12,624.66 |

NEW RETIREES

| | |
|-----------------|---|
| Bruce Abbott | County of Marin - Assessor-Recorder-County Clerk |
| George Bernheim | County of Marin - Sheriff/Coroner |
| Andrea Salas | County of Marin - Sheriff/Coroner |
| Brian Scott | County of Marin - Public Works |
| Phillip Thomas | County of Marin - Public Works |
| Laurie Thompson | County of Marin - Library |
| Laura Turrini | County of Marin - Information Services & Technology |
| Beverly Wood | Marin County Superior Court |

DECEASED RETIREES

| | |
|----------------------|---|
| Albert Aramburu | County of Marin - Board of Supervisors |
| Robert Beedle | County of Marin - Fire |
| Joanne Buckwalter | County of Marin - Probation |
| Enes Lonsway | County of Marin - Health & Human Services |
| Glee-Caroline Murphy | County of Marin - Beneficiary |
| Sol Silver | County of Marin - Community Development |