

## **AGENDA**

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

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

**December 14, 2022 – 9:00 a.m.**

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This meeting will be held via videoconference pursuant to MCERA Board of Retirement Resolution 2021/22-01, which invoked Government Code section 54953(e) for all MCERA Board and standing committee meetings through December 30, 2022.

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.

#### **CALL TO ORDER**

#### **ROLL CALL**

#### **MINUTES**

October 25-26, 2022 Strategic Workshop  
November 2, 2022 Board meeting  
November 30, 2022 Special Board meeting

#### **A. OPEN TIME FOR PUBLIC EXPRESSION**

Note: The public may also address the Board regarding any agenda item when the Board considers the item.

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

## **B. TOPIC OF GENERAL INTEREST**

1. Reconsideration of State of Emergency conditions under Assembly Bill (AB) 361 (ACTION)

Reconsider and take possible action to invoke Government Code section 54953(e), and to extend MCERA Resolution 2021/22-01 Authorizing Teleconferencing for Board and Standing Committee Meetings through January 13, 2023, because at least one of the following circumstances exists:

1. The State of Emergency proclaimed remains in effect and continues to directly impact the ability of the members to meet safely in person; or
2. State or local officials continue to impose or recommend measures to promote social distancing.

## **C. MATTERS OF GENERAL INTEREST**

1. GASB 67/68 Report (ACTION) – Cheiron, Graham Schmidt

Consider and take possible action to adopt June 30, 2022 GASB 67/68 Report

2. Audited Financial Statements for Fiscal Year Ending June 30, 2022 (ACTION)

Discuss and consider Audit Committee recommendation to adopt the Audited Financial Statements for June 30, 2022

## **D. APPOINTMENT OF BOARD STANDING COMMITTEES**

1. Appointment of Standing Committees and Standing Committee Chairs (ACTION)

## **E. BOARD OF RETIREMENT MATTERS**

1. Administrator's Report

- a. Administrator's Update

- b. Staffing Update

- c. Facility Use Report

- d. Future Meetings

– January 11, 2023 Board

– January 18, 2023 Investment Committee

2. Standing Committee Reports

- a. Finance and Risk Management Committee

1. Administrative Budget Fiscal Year 2022/23 Quarterly Review

Consider and review expenses for the quarter ending September 30, 2022

2. Non-budgeted Expenses

Consider and review non-budgeted expenses for the quarter

3. Quarterly Checklist

Consider, review and updates on the following:

- a. Other expenses per Checklist Guidelines
- b. Variances in the MCERA administrative budget in excess of 10%
- c. MCERA educational and event-related expenses
- d. Continuing Trustee Education Log
- e. Internal controls, compliance activities and capital calls
- f. Vendor services provided to MCERA
- g. MCERA staffing status
- h. Audits, examinations, investigations or inquiries from governmental agencies
- i. Other items from the Administrator related to risk and finance – Outsourced Chief Information Security Officer (ACTION)

4. Annual Audit of Financial Statements Update

Update on annual audit process

b. Audit Committee

1. Financial Audit Review

Review and discuss audit results

2. Financial Statements (ACTION)

Discuss and consider Audit Committee recommendation to adopt the Audited June 30, 2022 Financial Statements

3. Trustee Comments

a. Educational Training: Reports by Trustees and Staff

b. Other Comments

**F. NEW BUSINESS**

1. Future Meetings

Consider and discuss agenda items for future meetings.

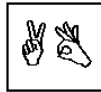
**G. OTHER INFORMATION**

1. Training Calendar (ACTION)

**H. 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](mailto: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>

## **Minutes**

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

**One McInnis Parkway, First Floor  
San Rafael, CA  
October 25-26, 2022**

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This meeting was held via videoconference pursuant to MCERA Board of Retirement Resolution 2021-22/01, which invoked Government Code section 54953(e) for all MCERA Board and standing committee meetings through November 11, 2022. The public was able to listen to and observe the meeting and provide comment through Zoom.

#### **Day 1 October 25, 2022**

Meeting Chair Todd Werby

9:00 a.m.

#### **Call to Order/Roll Call**

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

**PRESENT:** Gladstern, Klein, Martinovich, Murphy, Silberstein, Tomlin, Vasquez, Werby, Jones (alternate retired), Poirier (alternate safety), Shaw (ex officio alternate)

**ABSENT:** Cooper

#### **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. – 10:00 a.m.

**Investment Manager Due Diligence – Prudent Practices for the Board**

Yuliya Oryol, Co-Chair of the Public Pensions & Investments Group, Nossaman LLP

Ashley Dunning, Co-Chair of the Public Pensions & Investments Group, Nossaman LLP

Yuliya Oryol, Co-Chair of the Public Pensions & Investments Group, Nossaman LLP, introduced Ashley Dunning, Co-Chair of the Public Pensions & Investments Group, to discuss fiduciary duties of care and loyalty with respect to investment due diligence. Ms. Dunning stated Board members are acting as prudent fiduciaries who have experience in investment matters. The duty of prudence includes the obligation to educate oneself as to the core activities of the retirement system. Ms. Dunning explained that when fiduciaries' actions have been challenged in litigation, courts will probe the thoroughness of a fiduciary's analysis and basis for decisions. She said this context demonstrates the importance of having substantive materials that describe the topics a board is reviewing and assessing to make its decisions. The duty of care includes the duty to monitor and take corrective action when reasonably appropriate.

Prudence is a forward-looking concept including adapting to changing conditions over time and systematically considering all investments of the trust at regular intervals. Board members have a fiduciary obligation to secure the advice of experts on a reasonable basis, and prudent fiduciaries should question methods and assumptions that do not make sense. Prudence involves delegation and oversight, including, in MCERA's context, reliance on the investment consultant to provide substantial research and assessment of suitable investments for the Fund. This includes identification of any material changes in performance of investment managers or personnel that may warrant action by the Investment Committee. The Investment Committee and Retirement Administrator are responsible for monitoring the investment consultant.

In conclusion, Ms. Dunning stated the fiduciary duty of loyalty is the responsibility to administer the trust solely in the overall best interest of the beneficiaries, in furtherance of the trust's purpose. Under California law, there is a mandate to diversify investments to minimize the risk of loss and maximize the rate of return for the Fund.

Ms. Oryol discussed the due diligence process with respect to investment consultants. The consultant's responsibility as a fiduciary is to conduct due diligence prior to making investment recommendations to the Investment Committee. Objectives include assessing risk, checking compliance with regulations, understanding the investment strategy, and frequent and regular monitoring of performance and compliance. Risk mitigation may include background or reference checks. Monitoring investment managers may include on-site meetings, independent research, and the use of business or legal questionnaires.

Legal due diligence involves determining if the investment consultant does sufficient due diligence to make its recommendations on investments. Once a recommendation is made, outside counsel is involved in the negotiation process, oversight, and monitoring. Counsel will assess if investment documents reflect market terms and items to be addressed. In addition, counsel will focus on compliance with applicable laws and MCERA's policies.

Counsel reviews required data and insurance certificates to assure there is sufficient coverage for directors and officers, a fidelity bond, and cyber coverage. Counsel should check all fund documents to make sure they work together to set up terms and protections for the investor. Considerations include what type of representations and warranties are provided to the investor. She stressed the importance of legal opinions on whether a manager is in good standing.

Representations and warranties include those of the manager, partnership, and the investor. These affirm that entities are duly formed, licensed and registered, and operate in compliance with existing contracts, laws and policies, and state whether there has been litigation against or governmental investigations of the manager or partnership. The manager has the duty to notify investors and consultants if events are triggered that alter these understandings.

Ms. Oryol discussed elements of investment contracts that she said depend on the asset class and type of investment. The fiduciary duties standard of care applies to investment managers and can be difficult to negotiate. Reporting should be annual and quarterly and include the underlying financial assumptions and models. In California there needs to be due diligence on whether the investment manager uses placement agents.

In summary, Ms. Oryol said due diligence is a customized process based on the investor's requirements. She emphasized the importance of supervision and monitoring by the investment consultant on a regular, ongoing basis. In addition, whether geopolitical conditions have changed with time may change the nature of a proposed investment. Ms. Oryol noted the SEC considers failure to implement key risk controls in its assessment of legal liability.

Trustee Klein referred to the *Allianz* case and asked if an investment consultant should assess trades at the custodian level to validate if the manager is straying from its strategy. In response Ms. Oryol said it is the responsibility of the investment consultant to monitor the managers. Trustee Vasquez asked how much latitude the Board has to have access to documents the consultant uses for due diligence. Counsel Dunning said the Investment Committee has the right to view documents, but there can be an issue with respect to private investments if a document becomes a public record. In effect, this process is delegated to staff to review such documents. Chair Werby questioned if the expertise is available at the Board or staff level to examine such documents. Mr. Wickman replied the Board relies on the investment consultant for its due diligence. To the extent staff can maintain confidentiality this can be done, but the consultant's expertise would be needed. Ms. Oryol noted it is difficult to review financial information in data rooms because the documents cannot be printed, no notes may be taken, and in some instances access to documents expires.

Trustee Silberstein asked if it is appropriate to ask for fee reductions in the case when fees are high. Ms. Oryol and Counsel Dunning advised working with the investment consultant to ask for reduced fees or expenses. Ms. Oryol added the investment consultant should be monitoring fees regularly to make sure they are in accordance with terms of the agreement.

10:00 a.m. – 11:00 a.m.

### **Overview of the Annual Actuarial Valuation Process**

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

Bill Hallmark, ASA, FCA, MAAA, EA Consulting Actuary, Cheiron

Graham Schmidt, Actuary with Cheiron, discussed the annual actuarial valuation process. Mr. Schmidt said the goal of the actuarial valuation is to monitor the progress being made to fund benefits and to adjust contributions so that the benefits remain secure. The actuary's equation is investment earnings plus contributions need to equal benefit payments and expenses. He explained that MCERA has control over the investment policy and the contribution policy to fund pension benefits. The benefit policy is established in the state statutes and negotiated between employers and their employees.

Member data for July 1<sup>st</sup> through June 30<sup>th</sup> is analyzed on an annual basis. MCERA has over 45 different tiers across nine employers, with each employer having different benefit provisions. Once data is provided by MCERA to the actuary, demographic and economic assumptions are applied to project benefits into the future. Assumptions are reviewed every three years as part of the Triannual Experience Study to assess if adjustments to any assumptions are needed.

Mr. Schmidt explained that economic assumptions are based on forward-looking indicators. These include the discount rate, currently 6.75%, inflation rate of 2.5%, and payroll growth of 3% per year. The discount rate has the biggest impact and has been declining over the past fifteen years, due in part to a decline in the risk-free rate of return. This year, the risk-free rate has increased, meaning the Plan will need to potentially earn less from equities to achieve the discount rate. In addition, asset values have fallen. As a result of these two items, Mr. Schmidt stated most investment consultants have increased return expectations for many asset classes by 50 to 150 basis points.

Mr. Schmidt stated once benefit payments are projected over the participants' lifetimes, the next step is determining how to achieve benefit security while having predictable and stable contribution rates. The goal is to achieve generational equity by funding benefits during the career of the members who will be retiring.

Bill Hallmark, Actuary with Cheiron, reviewed the process of determining the present value of future benefits. Using the entry age cost method, the Normal Cost for active members is spread as a level percentage of pay throughout the career of the member. The present value of projected benefits is determined using the discount rate and is the funding target. The funding target is then compared with Plan assets and the difference is the unfunded actuarial liability or surplus. Within the unfunded actuarial liability, each amortization layer is a gain or loss (from experience or assumption changes) that has its own amortization schedule. Added together the amortization layers result in a net amortization payment that is projected to remain above zero until the Plan is 120% funded. Mr. Schmidt added the legal requirement is for public pension plans to pay the Normal Cost at a minimum, even if a Plan is in surplus.

Mr. Schmidt discussed the determination of contribution rates to pay for the Normal Cost, Unfunded Actuarial Liability, and Administrative Expenses. Last year the total contribution rate was 39.3% for the Plan as a whole. For the City of San Rafael and Novato Fire District, the contribution rate was higher due to having more Safety members. For employees, Classic member contribution rates are based on statute, PEPRAs employees pay half the Normal Cost, and both pay their share of administrative expenses. In addition to their share of the Normal Cost, employers pay for the unfunded actuarial liability and their share of administrative expenses. Mr. Schmidt presented ranges of projected contribution rates going forward. Preliminary actuarial valuation results as of June 30, 2022 will be presented to the Board prior to the final Actuarial Valuation in early 2023.

Chair Werby asked about the advantage of the amortization schedule as opposed to straight-line amortization. Mr. Schmidt replied that the advantage for the Plan sponsor is to keep the contribution rate level as a percentage of payroll. He pointed out that a level dollar amount would require a greater percentage of payroll in early years. Trustee Vasquez asked to what extent the actuary considers whether members, including younger employees, are working longer. Mr. Schmidt replied in next year's actuarial Experience Study the data will show if adjustments to assumptions are needed due to demographic changes. He noted there has been an



For consideration at December Board meeting

increase in cost due to the rising average age of entry into membership for public employees. Mr. Schmidt added that this cost increase is being counteracted by PEPRAs members, because the age at retirement does not have as much impact on cost as for the legacy tiers. Mr. Schmidt is expecting a long-term reduction in Normal Cost due to having more PEPRAs members with relatively lower benefits.

Trustee Klein asked if changes to the inflation assumption are being considered. In response, Mr. Schmidt said he is comfortable with the 2.5% inflation assumption, noting the difference between the long-term U.S. Treasury yield and Treasury Inflation-Protected Securities (TIPS) is not far from 2.5%. Mr. Wickman noted the inflation assumption will be reviewed as part of the Experience Study conducted next year.

Chair Werby recessed the meeting at 10:52 a.m. for a break, reconvening the meeting at 11:01 a.m.

11:00 a.m. – 12:00 p.m.

### **Overview of the Asset Allocation Process**

Jim Callahan, President, Callan LLC

Jim Callahan, President of Callan LLC, stated the asset allocation process is based on Modern Portfolio Theory. The tenets of this theory are returns are desirable and variance of return is undesirable. Diversification is sensible and investors are looking for the highest return for a given level of risk. Historically, bonds have returned more than cash and equities have returned more than bonds, reflecting that the higher the risk, the higher the return. Mr. Callahan pointed out that globally, equities have outpaced inflation by about 5% per year since the start of the 20<sup>th</sup> century. In determining return assumptions for assets, earnings and valuations are considered with respect to historical norms.

Trustee Vasquez asked about fat tail risk which increases the role of uncertainty when selecting portfolios. Mr. Callahan replied that fat tails do not happen frequently, meaning the probability of occurrence is low. He said the question is whether there are factors that are increasing the probability of experiencing a fat tail. Mr. Callahan said a return assumption is a median of return distributions over time. Projected risks are uncertain but guided by the probability distribution of historical returns. Callan addresses uncertainty by being conservative in modeling risk as a qualitative measure.

Mr. Callahan explained that diversification occurs when asset classes have different return cycles resulting in reducing the variance of returns. Assets with a correlation of 1.0 have the same returns, and a correlation of zero means returns are random. A correlation of -1.0 means returns are completely unsynchronized. Correlations among asset classes inform optimal portfolios.

Mr. Callahan stated asset allocation is the most important factor in determining return and asset volatility over time. The goal is the 6.75% expected return over a long-term time horizon. Liquidity needs of the Fund are manageable and the portfolio is well diversified. Every five years an asset/liability study is conducted to assess expected ranges of outcomes, and funding and benefits policies are considered in establishing the best investment policy.

Mr. Callahan noted that capital market projections are typically conducted once a year. However, given the market events in 2022, Callan has produced a preliminary 2023 capital market projection:

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- Inflation, increase from 2.25% to 2.50%
- Core fixed income, increase return from 1.75% to 3.90%
- U.S. large cap equities, increase return from 6.50% to 7.00%
- Asset class volatility and correlations have not changed

Mr. Callahan discussed increases in bond yields and inflation during 2022 that led to the changes in assumptions. Trustee Klein asked how high the yield on the 10-year U.S. Treasury would need to be to allocate more to fixed income. In response Mr. Callahan noted that the probability of achieving the assumed return has increased and de-risking the portfolio could be considered. Increasing the allocation to fixed income would reduce the expected return and would need to be assessed.

Mr. Callahan stated given preliminary capital market assumptions the current target allocation for the Fund is projected to return 6.9%. As compared with peers, MCERA's private equity allocation is lower, international equity is higher, and other asset class allocations are in line with peers. Mr. Callahan said early next year once capital market assumptions are finalized, Callan will examine alternative mixes. Trustee Vasquez said increases in fixed income yields make the case to revert to a more simplified asset allocation. In response, Mr. Callahan noted different asset classes have diversification benefits which would be reduced if asset classes were eliminated. These issues need to be thought through to determine the best posture for the Plan going forward, he said.

Trustee Silberstein said another factor to consider is the maturity of the Plan given the higher portion of inactive members. Mr. Callahan said this has an impact on liquidity and is factored in when considering asset allocation. Trustee Klein asked about Callan's view on if there is a recession whether the Federal Reserve (Fed) would continue with quantitative tightening or would return to buying bonds. Mr. Callahan replied currently the Fed is keen on bringing inflation down regardless of the collateral damage. He said in a recession the Fed would need to reconsider its policy.

Chair Werby recessed the meeting at 12:25 p.m. for a lunch break, reconvening the meeting at 1:16 p.m.

Trustee Martinovich was excused from the meeting at 12 noon.

12:00 p.m. – 1:15 p.m.

### **Lunch Break**

1:15 p.m. – 2:15 p.m.

### **Real Asset Allocation Structure Review**

Jim Callahan, President, Callan LLC

Avery Robinson, Senior Vice President, Real Assets Consulting, Callan LLC

Mr. Callahan discussed the Fund's real asset structure which has a 15% target consisting of 8% in private real assets and 7% in public real assets. Real assets provide diversification and are tangible investments such as real estate, infrastructure, agriculture and commodities.

Public real assets were introduced to diversify the Fund and consist of equal weights of TIPS, REITs, commodities, and global natural resources. Commodities are accessed through the futures markets. REITs are publicly traded real estate securities that provide diversification to real estate exposure. Natural resource equities are the equity securities of natural resource providers.

Mr. Callahan introduced Avery Robinson, real assets consultant with Callan, to discuss private real assets. Mr. Robinson said the private real asset portfolio consists of two core real estate portfolios managed by AEW Capital Management and UBS Realty Investors. He said private real estate returns are driven by rental income and appreciation, and capitalization rates are determined by the amount of income per year divided by the value of the property. The four main property types are office, retail, apartment and industrial.

Private infrastructure includes transportation, energy, renewables, utilities, water, and communications. Mr. Robinson said the asset class is becoming more common in investment portfolios. Returns are driven by income and less so from appreciation. Leverage is used in this capital-intensive asset class.

Other real assets include private farmland and private timber. Farmland includes row crops and permanent crops. For private timber investing factors to consider include the housing market and its cyclical nature. The major return component is from the harvesting of the trees. Leverage is not commonly used at a high level for farmland or timber investing. Trustee Werby requested long-term returns for these asset classes that are discussed below.

Trustee Vasquez asked if the mechanics of the security acquired for private real assets is like a private equity structure with an offering memorandum. Mr. Robinson replied that the structure for private real assets securities does follow the private equity model. There are two main vehicles which are Closed- or Open-end vehicles. Duration of closed-end vehicles is similar to private equity where investments are made over a period of years.

Allocations to timberland, infrastructure or agriculture would be supplementary to the core real estate allocation. Mr. Robinson discussed different strategies for private real estate and infrastructure across the risk-return spectrum. Closed-end funds are in the higher return-risk category where vintage-year diversification is recommended.

Responding to Chair Werby's inquiry, Mr. Callahan stated over 10 years returns are 9.7% for private real estate, 9.6% for farmland, 9.7% for timber, and 12.9% for private infrastructure.

Chair Werby asked about the effect of climate change on private real assets. In response, Mr. Robinson said for farmland and timber access to water is a factor. Longer term, rising sea levels will affect coastal properties, where insurance is increasing for coastal real estate. Mr. Callahan noted the demand for timber may rise due to its carbon offset characteristics. Trustee Vasquez asked about investing in convertible securities to ride out potential risk and uncertainty. Mr. Callahan said convertible securities are not commonly used in long-only investment strategies, but are used in the hedge fund space for arbitrage purposes.

For consideration at December Board meeting

2:15 p.m. – 2:30 p.m.

### **Closing and Follow-up Items from Today's Agenda**

Mr. Wickman invited trustees to share comments on today's presentations. Chair Werby noted the limited returns from commodities and indicated a different investment may be preferable. Mr. Wickman thanked Trustee Poirier for his service on the Board of Retirement since this was his last meeting. Trustee Gladstern gave her well wishes to Trustee Poirier.

## **Day 2 October 26, 2022**

9:00 a.m.

### **Call to Order/Roll Call**

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

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

**ABSENT:** Cooper, Martinovich, Poirier (alternate safety)

### **Open Time for Public Expression**

No members of the public provided comment.

9:00 a.m. – 10:00 a.m.

### **MCERA Business Priorities for the next 2-3 Years**

Jeff Wickman, Retirement Administrator

Jeff Wickman, Retirement Administrator, discussed operational, organizational and strategic priorities for the next two to three years. He began the presentation by reviewing four potential operational areas of focus:

- Evaluating current benefit management system and its functionality
- Assessment of current organization structure
- Production of an Annual Comprehensive Financial Report (ACFR)
- Evaluation and implementation of a financial system

Mr. Wickman said the CPAS benefit management system has met MCERA's operational needs over the past eleven years, but the question is does it meet future needs. Michelle Hardesty, Assistant Retirement Administrator, said the CPAS system allows for considerable customization but the complexity of the system requires additional staff effort to make sure it functions as expected. She noted that although other benefit management systems may require less customization the question for MCERA would be whether those systems could handle all the level of benefit complexity MCERA must manage. Mr. Wickman noted a replacement benefit management system would be a multi-year effort and would likely involve hiring a system

integrator to support the project. The Administrator added this proposed evaluation is driven by the age of the current CPAS system.

Trustee Silberstein asked if CPAS is used by peer systems and Mr. Wickman said it is. Mr. Wickman said that any system that would be brought in would require customization because each of the County Retirement systems operates differently. Trustee Vasquez asked about data security. In response Mr. Wickman said a cybersecurity assessment two years ago included analysis and penetration testing of CPAS databases. Resulting recommendations were implemented and he is comfortable about the current status of data security. Ms. Hardesty noted there is a dedicated VPN through Marin County to the physical CPAS hosting center, which also has physical security.

Trustee Gladstern asked if peer systems are changing benefit management systems and how the change may affect staffing levels. Mr. Wickman said a few peer systems are in the middle of upgrades or transitions to benefit management systems. From a staffing standpoint, the project would need dedicated staff with a lead person to work with the consultant. Trustee Murphy asked if there is something lacking in CPAS, or cost or age, and Mr. Wickman said it is a little bit of all three. He said given the complexity of CPAS, staff struggle to make sure software updates and changes work correctly after being implemented.

Turning to the organizational structure, Mr. Wickman said an assessment would include whether functions are properly aligned with the staff performing the work, if the knowledge of how the benefit management system functions has been properly transferred to staff, and whether all processes are working as expected. In addition, having procedures accountability for work at all levels of the organization needs to be ensured. To this end, the Administrator has engaged a firm to come in and work with staff to conduct process reviews and provide leadership training. He said another assessment is how remote work is managed. It may be necessary to require additional days per week in the office for staff that are working remote schedules.

Regarding the commitment to produce an Annual Comprehensive Financial Report (AFCR), Mr. Wickman has asked the Chief Financial Officer to assess whether resources and technology are sufficient to complete the required work. Mr. Wickman sees the need for the evaluation of a financial system that would be compatible with CPAS. Trustee Vasquez urged caution using connected databases with respect to cybersecurity.

Mr. Wickman discussed three potential organizational focuses:

- Ensuring processes are in place to support any transition in leadership
- Evaluating whether an additional leadership role needs to be added
- Evaluating whether additional resources are needed in the Finance and Accounting Unit

With respect to senior leadership Mr. Wickman stated there should be a process in place for a potential orderly transition in either the Retirement Administrator or Assistant Retirement Administrator positions. Chair Werby asked if someone should be groomed for such a transition and Mr. Wickman advised such transitions could be managed through the recruitment process. Trustee Vasquez asked about the Senior Management Contingency Plan Policy which Mr. Wickman said addresses unexpected changes in senior management and is reviewed regularly in accordance with the Policy Review Schedule.

Mr. Wickman stated that he is considering whether the vacant Retirement Manager position should be filled to support the benefit management function. In response to Chair Werby's inquiry, Mr. Wickman explained that originally the Retirement Manager function was to provide continuity of operations between the Finance and Benefit teams. Ensuring consistency of overall processes currently falls on the Assistant Retirement Administrator, he said. The day-to-day effort to ensure accurate calculation of retirement benefits and timely paying of benefits to retirees and beneficiaries has not allowed the Assistant Retirement Administrator to be able to focus on any strategic goals. He is also looking at whether additional resources should be added to the Finance and Accounting Unit, in either investment or financial positions. Trustee Silberstein supported the need to fill the Retirement Manager position, and Mr. Wickman said he will discuss the position with the Finance and Risk Management Committee.

Mr. Wickman discussed two potential strategic focuses:

- Whether the Board wants to consider developing a multi-year strategic plan
- Whether the Board wishes to conduct a search for an investment consultant

Mr. Wickman said a multi-year strategic plan could encompass items discussed today as well as management of investments and actuarial valuations. The plan would help focus on educational items to be presented at the Board's Strategic Workshops. In addition, operations goals could be developed for use in the annual evaluation of the Retirement Administrator. Another strategic focus could be conducting a search for an investment consultant, last conducted eight years ago.

Mr. Wickman invited questions on business priorities. Trustee Gladstern asked if the new consultant Mr. Wickman just brought on could assist with Strategic Plan. Mr. Wickman said he believed they could and he would follow up on that question. Trustee Vasquez supported an investment consultant search as a good process to understand the latest thinking among the investment consultant community. Trustee Klein agreed with his view, and Mr. Wickman said he could take the lead on the investment consultant search and the Board Chair could at their discretion form an Ad Hoc Committee for this matter.

10:00 a.m. – 11:00 a.m.

### **Service Enhancement - Overview of Potential Member Portal**

Michelle Hardesty, Assistant Retirement Administrator

Syd Fowler, Department Analyst

Ms. Hardesty introduced Syd Fowler, Department Analyst, to provide an overview of the CPAS member portal features. Ms. Fowler stated the member portal could provide different information for active and retired members. For active members it could show maximum benefit and earliest retirement date. The portal could also provide the ability to log into Workshops and track attendance. Members could also access benefit calculations, look up retirement planning information, and locate documents such as Annual Benefit Statements and retirement applications. The portal could also show the status of any pending member requests such as service purchase.

For retirees the portal could show the amount and date of the next monthly benefit payment, a summary of the retiree's benefit option, and the ability to update payment instructions as well as provide access to the retiree's 1099R.

For consideration at December Board meeting

The portal could allow for the updating of demographic information such as marital status, address, beneficiary and health coverage. The portal could be used by active members to request service purchase calculations. Members could also upload documents, such as proof of age, passports, name changes, birth certificates, and certain forms.

A retirement modeler can be added to allow members to run retirement estimates and to include other items such as Social Security. Members could also be provided with the ability to initiate a retirement application and set up direct deposit and tax withholding amounts. Additional components the member portal could offer are address changes, on-demand letters and statements, divorce processing, tax withholding instructions, and healthcare information.

Ms. Hardesty said the most important aspect that would have to be fully vetted before providing a member portal is security. This includes determining login and password requirements in addition to the methods MCERA would need to follow to monitor and secure the portal. The other issue MCERA would need to be prepared to manage is the increase in contacts from members and retirees who access data in the portal. This would likely lead to short term spikes in requests for service that would need to be managed. Ms. Hardesty said there would also need to be an assessment of how to transition current processes that require signatures on hard copies over to an electronic process within the portal. Ms. Hardesty noted that, although there may be an initial impact on staffing workload if a portal feature were added, it could potentially save staff time over time.

Trustee Silberstein asked whether other systems have found that member portals impact staff time. Ms. Hardesty said she understood that in other systems members like having a portal, but the level of support and amount of complexity associated with the portal is somewhat unknown. Chair Werby supported the member portal concept, noting it would become more productive over time. In summary, Mr. Wickman agreed the goal is streamlining service. He noted that understanding what experience peers have had when implementing a portal would be one of the first items staff would need to research before beginning a project.

### **Closing and Follow-up Items from Today's Agenda**

11:00 a.m. – 11:30 a.m.

Mr. Wickman invited comments on the Strategic Workshop and Chair Werby complemented Syd Fowler on her member portal presentation.

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

---

Jeff Wickman, Retirement Administrator

On behalf of:  
Todd Werby, Meeting Chair

---

Michelle Hardesty, Assistant Retirement Administrator

On behalf of:  
Laurie Murphy, Secretary

For consideration at December Board meeting

## **MINUTES**

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

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

**November 2, 2022 – 9:00 a.m.**

---

This meeting was held via videoconference pursuant to MCERA Board of Retirement Resolution 2021/22-01, which invoked Government Code section 54953(e) for all MCERA Board and standing committee meetings through November 11, 2022. The public was able to listen to and observe the meeting and provide comment through Zoom.

#### **CALL TO ORDER**

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

#### **ROLL CALL**

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

**ABSENT:** Tomlin

#### **MINUTES**

It was M/S Werby/Gladstern to approve the September 28, 2022 Investment Committee Meeting Minutes as submitted. The motion was approved by a vote of 9-0 as follows:

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

It was M/S Gladstern/Werby to approve the October 12, 2022 Board Meeting Minutes as submitted. The motion was approved by a vote of 9-0 as follows:

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



For consideration at December Board meeting

#### **A. OPEN TIME FOR PUBLIC EXPRESSION**

Note: The public may also address the Board regarding any agenda item when the Board considers the item.

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

No members of the public provided comment.

#### **B. TOPIC OF GENERAL INTEREST**

1. Reconsideration of State of Emergency conditions under Assembly Bill (AB) 361 (ACTION)  
Reconsider and take possible action to invoke Government Code section 54953(e), and to extend MCERA Resolution 2021/22-01 Authorizing Teleconferencing for Board and Standing Committee Meetings through December 2, 2022, because at least one of the following circumstances exists:

1. The State of Emergency proclaimed remains in effect and continues to directly impact the ability of the members to meet safely in person; or
2. State or local officials continue to impose or recommend measures to promote social distancing.

Retirement Administrator Jeff Wickman stated the Board is to consider whether one or both conditions listed above exist to invoke Government Code section 54953(e), and to extend MCERA Resolution 2021/22-01 Authorizing Teleconferencing for Board and Standing Committee Meetings through December 2, 2022. The extension would allow the November 16 Finance and Risk Management Committee and November 30 Audit Committee meetings to be held remotely. Staff recommends extending remote meeting provisions for this purpose and meeting again to consider further extension to cover the December 7 Investment Committee and December 14 Board meetings. The Governor announced the State of Emergency would be lifted on February 28, 2023.

It was M/S Jones/Gladstern to invoke Government Code section 54953(e), and to extend MCERA Resolution 2021/22-01 Authorizing Teleconferencing for Board and Standing Committee Meetings through December 2, 2022 because both of the conditions listed above still exist. The motion was approved by a vote of 9-0 as follows:

For consideration at December Board meeting

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

### **C. ELECTION OF BOARD OFFICERS**

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

Mr. Wickman explained that each officer position is voted on sequentially.

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

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

It was M/S Gladstern/Jones to elect Todd Werby as Board Vice Chairperson. The motion was approved by a vote of 8-0-1 with Trustee Werby abstaining as follows:

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

It was M/S Murphy/Jones to elect Maya Gladstern as Board Secretary. The motion was approved by a vote of 9-0 as follows:

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

### **D. BOARD OF RETIREMENT MATTERS**

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

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

Mr. Wickman welcomed Chris Gullett to his first Retirement Board meeting as Alternate Safety Member. Trustee Martinovich has been appointed the permanent Director of Finance for Marin County and will continue to serve as Ex Officio member.

The SACRS Fall Conference begins next Tuesday.

For two appointed positions, the Fourth and Sixth Members, expiring at the end of October the Board of Supervisors has decided to conduct interviews. Trustees Klein and Silberstein will continue to serve in those positions until the Board of Supervisors takes action on the matter.

For consideration at December Board meeting

Annual Benefit Statements were mailed to active members last week, two months earlier than the prior year.

b. Staffing Update

No staffing update to report.

c. Facility Use Report

No facility use in the period to report.

d. Future Meetings

- November 16, 2022 Finance and Risk Management Committee
- November 30, 2022 Audit Committee
- December 7, 2022 Investment Committee
- December 14, 2022 Board

2. Trustee Comments

a. Educational Training: Reports by Trustees and Staff

Ashley Dunning, Board Counsel, reported on the CalAPRS Attorneys' Roundtable. Ms. Dunning and a colleague presented a discussion of Nuances of Attorney-Client Privilege and System Counsel's Communications with Board Members. Next was a discussion of Compliance Programs in Public Pension Systems. This was followed by a presentation on Supreme Court decisions on ERISA litigation relating to whether investment decisions were consistent with the duties of loyalty and prudence. The final topic was Things to Think About for Your System Upgrade Project which addressed the customization process and member communications on the upgrade.

Trustee Vasquez reported the Nossaman Public Pensions & Investments Fiduciaries' Forum was well attended. He commended Nossaman's exploration of the current state of affairs of the litigation environment for public pension plans. At Mr. Wickman's invitation, Ms. Dunning said agenda topics began with how new SEC rules developed by the Institutional Limited Partners Association (ILPA) impact investors. Another presentation discussed factors differentiating a Fund of One from commingled funds and related tax nuances. A panel on real estate developments discussed investment opportunities for public pension plans. On the next day trends in California litigation regarding public pension plans and how trustees can prepare were discussed. Then Ms. Dunning, Peter Mixon and Yuliya Oryol gave a presentation on Fiduciary Governance: Mitigating Organizational, Operational and Investment Risk. The focus was on being proactive through policy development and implementation. Finally, there was a discussion of best practices for supervisors in dealing with various employee issues.

Chair Silberstein commended the work of ILPA in watching over public pension plan interests and asked if we are a member of the organization. Trustee Vasquez echoed his view, adding that ILPA offers education and is probably something we should consider. Mr. Wickman said MCERA is not a member and he will look into membership.

For consideration at December Board meeting

Trustee Cooper's report on the NCPERS Public Safety Conference will be deferred to the December Board meeting.

b. Other Comments

No other comments by the trustees.

**E. NEW BUSINESS**

1. Board Meeting Calendar for 2023 (ACTION)

Consider and take possible action to approve Calendar.

Mr. Wickman presented a revised Board Meeting Calendar for 2023 that addresses prior date conflicts for consideration by the Board.

It was M/S Gladstern/Werby to approve the Board Meeting Calendar for 2023. The motion was approved by a vote of 9-0 as follows:

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

2. SACRS Voting Delegate (ACTION)

Select delegate and alternate delegate to vote on MCERA's behalf at the SACRS business meeting November 11, 2022.

It was M/S Gladstern/Werby to select Steve Silberstein as delegate and Daniel Vasquez as alternate delegate to vote on MCERA's behalf at the November 11, 2022 SACRS Business Meeting. The motion was approved by a vote of 9-0 as follows:

Trustee Cooper joined the meeting at 9:46 a.m.

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

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

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

Mr. Wickman said there are two action items that will be voted on at the November 11, 2022 SACRS Business Meeting. The first is Item #2 on the SACRS Business Meeting Agenda to adopt the Minutes of the May 2022 Business Meeting. The second item is #3 on the Agenda to approve the Financial Statement for July 2022 through August 2022 and the Annual Budget for 2022-23.

For consideration at December Board meeting

It was M/S Silberstein/Murphy to direct MCERA's voting delegate to vote to approve SACRS Business Meeting Agenda Items #2 and #3 listed above to be considered at the SACRS Business Meeting on November 11, 2022. The motion was approved by a vote of 9-0 as follows:

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

4. Future Meetings

Consider and discuss agenda items for future meetings.

Chair Silberstein invited comments on topics for future meetings.

**F. OTHER INFORMATION**

1. Training Calendar (ACTION)

Mr. Wickman presented the monthly Training Calendar with updates adding staff attendance at the CalAPRS Benefits Roundtable and setting the date for the Fall of 2023 SACRS Conference.

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

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

**G. CONSENT CALENDAR (ACTION)**

Mr. Wickman presented the monthly Consent Calendar for consideration by the Board. Trustee Gladstern asked about the rescinded retirement. Ms. Hardesty explained a retired member has taken a permanent position with the County of Marin. As a result, the member must rescind his retirement because he is not able to receive a retirement benefit while employed fulltime in a retirement eligible position. When he retires again his original benefit will be reinstated, and he will receive a separate retirement benefit based on his new service in a new tier.

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

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

For consideration at December Board meeting

**CONSENT CALENDAR**

**MCERA BOARD MEETING, WEDNESDAY, November 2, 2022**

**OCTOBER 2022**

<b>RETURN OF CONTRIBUTIONS</b>		
Lana Adlawan	Partial Refund of Contributions (age change)	\$ 1,450.30
Tyler Bylow	Refund of Contributions (termination)	\$ 49,341.51
Christina Casanova-Mathis	Partial Refund of Contributions (age change)	\$ 16.03
Olivia Gingold	Refund of Contributions (termination)	\$ 10,543.29
Jon Montgomery	Partial Refund of Contributions (correction)	\$ 4,089.73
Kenneth Shapiro	Refund of Contributions (termination)	\$ 75,789.91
<b>BUYBACKS</b>		
Gabriel Wilkosz		\$ 1,208.00
Kathleen Fitzhugh Remitz		\$ 2,672.93
<b>RESCINDED RETIREMENTS</b>		
Patrick Fahy	City of San Rafael	
<b>NEW RETIREES</b>		
Denise Alexander-Smith	County of Marin - Sheriff/Coroner	
Michael Baraz	County of Marin - Sheriff/Coroner	
Virginia Beauchamp	County of Marin - Parks	
Phillip Brown	County of Marin - Probation	
David Caldwell	County of Marin - Public Works	
Diana Giorgi	City of San Rafael	
Nathan La Force	County of Marin - Information Services & Technology	
Helena Munoz	City of San Rafael	
Jill Peeler	County of Marin - Sheriff/Coroner	
Alan Piombo Jr.	City of San Rafael	
Edmund Rudolph	County of Marin - Sheriff/Coroner	
Katherine Sokolik	County of Marin - Child Support Services	
Neil Vickers	County of Marin - Library	
<b>DECEASED RETIREES</b>		
Linda Godfrey	County of Marin - Health & Human Services	
Joyce McCarthy	City of San Rafael	
Chris Pagni	County of Marin - Beneficiary	

For consideration at December Board meeting

Chair Silberstein expressed appreciation for serving as the Chair and wished Trustee Murphy well as his successor. Mr. Wickman thanked Chair Silberstein for his steady guidance of the Board during a period of challenging conditions.

There being no further business, Chair Silberstein adjourned the meeting at 10:02 a.m.

---

Jeff Wickman  
Retirement Administrator

On behalf of:  
Steve Silberstein, Board Chair

---

Michelle Hardesty  
Assistant Retirement Administrator

On behalf of:  
Laurie Murphy, Secretary

For consideration at December Board meeting

## **MINUTES**

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

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

**November 30, 2022 – 8:30 a.m.**

---

This meeting was held via videoconference pursuant to MCERA Board of Retirement Resolution 2021/22-01, which invoked Government Code section 54953(e) for all MCERA Board and standing committee meetings through December 2, 2022. The public was able to listen to and observe the meeting and provide comment through Zoom.

#### **CALL TO ORDER**

Chair Murphy called the meeting to order at 8:37 a.m.

#### **ROLL CALL**

**PRESENT:** Cooper, Klein, Martinovich, Murphy, Tomlin, Vasquez, Werby, Gullett (alternate safety), Shaw (ex officio alternate)

**ABSENT:** Gladstern, Silberstein, Jones (alternate retired)

#### **A. OPEN TIME FOR PUBLIC EXPRESSION**

Note: The public may also address the Board regarding any agenda item when the Board considers the item.

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

No members of the public provided comment.



For consideration at December Board meeting

## **B. TOPIC OF GENERAL INTEREST**

### **1. Reconsideration of State of Emergency conditions under Assembly Bill (AB) 361 (ACTION)**

Reconsider and take possible action to invoke Government Code section 54953(e), and to extend MCERA Resolution 2021/22-01 Authorizing Teleconferencing for Board and Standing Committee Meetings through December 30, 2022, because at least one of the following circumstances exists:

1. The State of Emergency proclaimed remains in effect and continues to directly impact the ability of the members to meet safely in person; or
2. State or local officials continue to impose or recommend measures to promote social distancing.

Jeff Wickman, Retirement Administrator, stated the Board is to consider whether one or both conditions listed above exist to invoke Government Code section 54953(e), and to extend MCERA Resolution 2021/22-01 Authorizing Teleconferencing for Board and Standing Committee Meetings through December 30, 2022. The extension would allow the December 7 Investment and Audit Committee meetings and December 14, 2022 Board meeting to be held remotely. Noting there have been flu and COVID in the office, Mr. Wickman recommended extending remote meeting provisions for this purpose. The Governor announced the State of Emergency would be lifted on February 28, 2023.

It was M/S Martinovich/Werby to invoke Government Code section 54953(e), and to extend MCERA Resolution 2021/22-01 Authorizing Teleconferencing for Board and Standing Committee Meetings through December 30, 2022 because both of the conditions listed above still exist. The motion was approved by a vote of 6-1 as follows:

AYES: Klein, Martinovich, Murphy, Tomlin, Vasquez, Werby  
NOES: Cooper  
ABSTAIN: None  
ABSENT: Gladstern, Jones, Silberstein

Trustee Gullett joined the meeting at 8:43 a.m. after the motion and second had been made and therefore did not vote on the motion.

There being no further business, Chair Murphy adjourned the meeting at 8:45 a.m.

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Jeff Wickman  
Retirement Administrator

On behalf of:  
Laurie Murphy, Board Chair


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Michelle Hardesty  
Assistant Retirement Administrator

On behalf of:  
Maya Gladstern, Secretary

December 8, 2022

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

**From:** Jeff Wickman   
Retirement Administrator

**Subject:** Considerations for Invoking the Provisions of Assembly Bill 361 in order to Conduct Board and Standing Committee Meetings Virtually

### Background

On October 13, 2021, the Board of Retirement adopted Resolution No. 2021/22-01 Authorizing Teleconferencing for Board and Standing Committee Meetings Pursuant to Government Code §54953(e) of the Brown Act ("Section 54953(e)"), through November 12, 2021. The Resolution was adopted in recognition that the conditions for invoking the provisions in Assembly Bill (AB) 361, permitting the Board to conduct remote access meetings, were similar to the way it had been meeting during the COVID-19 pandemic. Since this time the Board has taken the following subsequent actions:

- November 3, 2021, the Board considered the circumstances of the emergency and made findings to support invoking the provisions through December 3, 2021.
- December 2, 2021 the Board considered the circumstances of the emergency and made findings to support invoking the provisions through January 1, 2022.
- December 15, 2021, the Board considered the circumstances of the emergency and made findings to support invoking the provisions through January 14, 2022.
- January 12, 2022, the Board considered the circumstances of the emergency and made findings to support invoking the provisions through February 11, 2022.
- February 9, 2022, the Board considered the circumstances of the emergency and made findings to support invoking the provisions through March 11, 2022.
- March 2, 2022, the Board considered the circumstances of the emergency and made findings to support invoking the provisions through April 1, 2022.
- March 16, 2022, the Board considered the circumstances of the emergency and made findings to support invoking the provisions through April 15, 2022.
- April 13, 2022, the Board considered the circumstances of the emergency and made findings to support invoking the provisions through May 13, 2022.
- May 4, 2022, the Board considered the circumstances of the emergency and made findings to support invoking the provisions through June 3, 2022.
- May 17, 2022, the Board considered the circumstances of the emergency and made findings to support invoking the provisions through June 16, 2022.
- June 15, 2022, the Investment Committee considered the circumstances of the emergency and made findings to support invoking the provisions through July 15, 2022.

## B.1

- July 13, 2022, the Board considered the circumstances of the emergency and made findings to support invoking the provisions through August 12, 2022.
- August 10, 2022, the Board considered the circumstances of the emergency and made findings to support invoking the provisions through September 9, 2022.
- August 17, 2022, the Board considered the circumstances of the emergency and made findings to support invoking the provisions through September 16, 2022.
- September 14, 2022 the Board considered the circumstances of the emergency and made findings to support invoking the provisions through October 14, 2022.
- October 12, 2022 the Board considered the circumstances of the emergency and made findings to support invoking the provisions through November 11, 2022.
- November 2, 2022 the Board considered the circumstances of the emergency and made findings to support invoking the provisions through December 2, 2022.
- November 30, 2022 the Board considered the circumstances of the emergency and made findings to support invoking the provisions through December 30, 2022.

The precondition to the Board reinvoking Section 54953(e) and conducting its meetings via Zoom and YouTube for an additional thirty (30) days, if certain conditions exists, has been the State of Emergency that the Governor Newsom declared in March 2020. Governor Newsom announced recently that the State of Emergency would be lifted as of February 28, 2023 and therefore the Board will have to return to operating under existing Brown Act provisions as modified by Assembly Bill 2449 as of that date.

### **Recommendation**

Because the state of emergency is still in place, the Board may, consistent with its prior actions, make the finding(s) necessary to continue to conduct meetings via Zoom and YouTube under Section 54953(e), for the next thirty (30) days, if the following conditions exist: 1) a State of Emergency under Government Code section 8625 remains in effect; and 2) (i) State or local officials have put in place social distancing measures to protect health, or, (ii) the local agency board determines that meeting in person would present imminent risks to the health and safety of attendees. The provisions would extend through January 13, 2023 covering the January 11, 2023 Board meeting.

Staff recommends extending the teleconferencing provisions for an additional 30 days.



## **Marin County Employees' Retirement Association**

### **GASB 67/68 Report as of June 30, 2022**

**Produced by Cheiron**

**November 2022**

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November 30, 2022

Board of Retirement  
Marin County Employees' Retirement Association  
1 McInnis Parkway, Suite 100  
San Rafael, CA 94903-2764

Dear Members of the Board:

The purpose of this report is to provide accounting and financial reporting information under GASB 67 for the Marin County Employees' Retirement Association (MCERA) and under GASB 68 for the County of Marin and the other participating employers. This information includes:

- Determination of the discount rate as of June 30, 2022,
- Projection of MCERA's Total Pension Liability from the valuation date to the measurement date,
- Note disclosures and required supplementary information under GASB 67 for MCERA,
- Determination of collective amounts under GASB 68, and
- Schedules for the financial reporting of participating employers under GASB 68.

If you have any questions about the report or would like additional information, please let us know.

Sincerely,  
Cheiron

A handwritten signature in blue ink, reading "Graham A. Schmidt".

Graham A. Schmidt, ASA EA, FCA, MAAA  
Consulting Actuary

A handwritten signature in blue ink, reading "William R. Hallmark".

William R. Hallmark, ASA, EA, FCA, MAAA  
Consulting Actuary



C.1  
MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
GASB 67 AND 68 REPORTING FOR JUNE 30, 2022 MEASUREMENT DATE

**SECTION I – BOARD SUMMARY**

**Highlights**

The measurement date for the Marin County Employees' Retirement Association is June 30, 2022. Measurements as are based on the fair value of assets as of June 30, 2022 and the Total Pension Liability (TPL) as of the valuation date, June 30, 2021, updated to June 30, 2022. To the best of our knowledge, there were no significant events between the valuation date and the measurement date, so the update procedures only included the addition of service cost and interest cost offset by actual benefit payments.

The table below provides a summary of the key collective results during this measurement period.

<b>Table I-1 Summary of Collective Results</b>			
		<b>Measurement Date</b>	
		<b>6/30/2022</b>	<b>6/30/2021</b>
Net Pension Liability	\$	312,688,342	\$ (162,401,177)
Deferred Outflows		(115,606,706)	(43,674,542)
Deferred Inflows		12,947,528	466,950,240
Net Impact on Statement of Net Position	\$	210,029,164	\$ 260,874,521
Pension Expense (\$ Amount)	\$	34,320,065	\$ (36,526,162)
Pension Expense (% of Payroll)		12.29%	-13.41%

The Net Pension Liability (NPL) increased approximately \$475 million since the prior measurement date primarily due to losses on the investments. Actuarial gains on the Total Pension Liability decreased the NPL by about \$17 million.

The losses due to investment earnings being less than expected are recognized over five years. The gains due to liability experience are recognized over the average remaining service life as of the beginning of the measurement period, which is four years. Unrecognized amounts are reported as deferred inflows and deferred outflows.

As of the end of the reporting year, MCERA and its participating employers would report a Net Pension Liability of \$312,688,342, Collective Deferred Inflows of \$12,947,528, and Collective Deferred Outflows of \$115,606,706. Consequently, the net impact on the aggregate of participating employers' Statements of Net Position due to MCERA would be a net liability of \$210,029,164 ( $\$312,688,342 + \$12,947,528 - \$115,606,706$ ) at the end of the measurement year. In addition, any contributions between the measurement date and each individual employer's reporting date would be reported as deferred outflows to offset the cash outflow reported.

## C.1

### MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION GASB 67 AND 68 REPORTING FOR JUNE 30, 2022 MEASUREMENT DATE

#### SECTION I – BOARD SUMMARY

For the measurement year ending June 30, 2022, the collective annual pension expense is \$34,320,065 or 12.29% of covered payroll. This amount is not related to participating employers' contributions to MCERA (\$85,165,422), but instead represents the change in the net impact on participating employer's Statements of Net Position plus employer contributions (\$210,029,164 – \$260,874,521 + \$85,165,422). The collective pension expense is considerably larger than the prior year. Volatility in pension expense from year to year is to be expected. For the measurement year ending June 30, 2022, the volatility was largely due to the recognition of the 2022 investment loss. A breakdown of the components of the collective net pension expense is shown in Section VI of the report.



**C.1**  
**MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
**GASB 67 AND 68 REPORTING FOR JUNE 30, 2022 MEASUREMENT DATE**

**SECTION II – CERTIFICATION**

The purpose of this report is to provide accounting and financial reporting information under Government Accounting Standards Board Statement 67 (GASB 67) for the Marin County Employees' Retirement Association (MCERA) and under GASB 68 for the employers that participate in MCERA. This report is for the use of MCERA, the participating employers, and their auditors in preparing financial reports in accordance with applicable law and accounting requirements. Other users of this report are not intended users as defined in the Actuarial Standards of Practice, and Cheiron assumes no duty or liability to any other user. This report is not appropriate for other purposes, including the measurement of funding requirements for MCERA.

In preparing our report, we relied on information (some oral and some written) supplied by MCERA. This information includes, but is not limited to, the plan provisions, employee data, and financial information. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice No. 23. The assumptions have been selected by the Board based on our recommendations and analysis. We believe the assumptions to be reasonable.

Future actuarial measurements may differ significantly from the current measurements due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; and, changes in plan provisions or applicable law.

Cheiron utilizes ProVal, an actuarial valuation software leased from Winklevoss Technologies (WinTech) to calculate liabilities and project benefit payments. We have relied on WinTech as the developer of ProVal. We have reviewed ProVal and have a basic understanding of it and have used ProVal in accordance with its original intended purpose. We have not identified any material inconsistencies in assumptions or output of ProVal that would affect this report.

This report and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices and our understanding of the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board as well as applicable laws and regulations. Furthermore, as credentialed actuaries, we meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this report. This report does not address any contractual or legal issues. We are not attorneys and our firm does not provide any legal services or advice.

Graham A. Schmidt, ASA, EA, FCA, MAAA  
Consulting Actuary

William R. Hallmark, ASA, EA, FCA, MAAA  
Consulting Actuary

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**SECTION III – DETERMINATION OF DISCOUNT RATE**

The discount rate used to measure the Total Pension Liability was 6.75%.

We have assumed that the employees will continue to contribute to MCERA at the current rates and the employers will continue the historical and legally required practice of contributing to the Plan based on an Actuarially Determined Contribution (ADC), reflecting a payment equal to annual normal cost, a portion of the expected administrative expenses, and an amount necessary to amortize the remaining Unfunded Actuarial Liability (UAL) as a level percent of payroll over a closed period.

Effective with the June 30, 2013 valuation, the UAL as of June 30, 2013 is amortized over a closed 17-year period (9 years remaining as of June 30, 2021), except for the additional UAL attributable to the outstanding unfunded actuarial loss from 2009, which is being amortized over a separate closed period (17 years remaining as of June 30, 2021).

Effective with the June 30, 2014 valuation, any new sources of UAL due to actuarial gains and losses or method changes are amortized over a closed 24-year period, with a five-year ramp up period at the beginning of the period, a four-year ramp down at the end of the period, and 15 years of level payments as a percentage of payroll in conjunction with traditional five-year asset smoothing. Assumption changes are amortized over a closed 22-year period, with a 3-year ramp up period, 2-year ramp down period, and 17 years of level payments as a percentage of payroll.

We have not performed a formal cash flow projection as described under Paragraph 41 of GASB Statement 67. However, Paragraph 43 allows for alternative methods to confirm the sufficiency of the Net Position if the evaluations “can be made with sufficient reliability without a separate projection of cash flows into and out of the pension plan...” In our professional judgment, adherence to the contribution policy described above will result in the pension plan’s projected fiduciary net position being greater than or equal to the benefit payments projected for each future period.

Therefore, the long-term expected rate of return on MCERA investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

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#### SECTION IV – PROJECTION OF TOTAL PENSION LIABILITY

The Total Pension Liability (TPL) at the end of the measurement year, June 30, 2022 is measured as of a valuation date of June 30, 2021 and projected to June 30, 2022. The TPL shown in the prior report was measured as of June 30, 2020 and projected to June 30, 2021. Because the TPLs are based on different valuations, the TPL from the prior report will not match the amounts measured as of June 30, 2021 that are shown in this exhibit.

There were no significant events during the projection period of which we are aware.

The table below shows the projection of the TPL at discount rates equal to the rate used for disclosure and plus and minus one percent from the rate used for disclosure.

Table IV-1 Projection of Collective TPL from Valuation to Measurement Date			
Discount Rate	5.75%	6.75%	7.75%
<b>Valuation Collective TPL, 6/30/2021</b>			
Actives	\$ 1,099,301,276	\$ 930,224,620	\$ 793,647,709
Deferred Vested	178,172,751	146,259,987	122,188,589
Retirees	<u>2,357,408,299</u>	<u>2,140,462,726</u>	<u>1,956,968,240</u>
<b>Total</b>	<b>\$ 3,634,882,326</b>	<b>\$ 3,216,947,333</b>	<b>\$ 2,872,804,538</b>
<b>Service Cost</b>	88,075,377	69,061,416	54,776,308
<b>Benefit Payments</b>	177,001,703	177,001,703	177,001,703
<b>Interest</b>	206,484,833	213,560,444	217,994,490
<b>Collective TPL, 6/30/2022</b>	<b>\$ 3,752,440,833</b>	<b>\$ 3,322,567,490</b>	<b>\$ 2,968,573,633</b>

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**SECTION V – GASB 67 REPORTING INFORMATION**

The table below shows the changes in the Total Pension Liability, the Plan Fiduciary Net Position (i.e., fair value of System assets), and the Net Pension Liability during the Measurement Year.

Table V-1 Change in Collective Net Pension Liability			
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
<b>Balances at 6/30/2021</b>	\$ 3,233,119,109	\$ 3,395,520,286	\$ (162,401,177)
<b>Changes for the year:</b>			
Service cost	69,061,416		69,061,416
Interest	214,652,039		214,652,039
Changes of benefits	0		0
Differences between expected and actual experience	(17,263,371)		(17,263,371)
Changes of assumptions	0		0
Contributions - employer		85,165,422	(85,165,422)
Contributions - member		33,878,121	(33,878,121)
Net investment income		(322,722,434)	322,722,434
Benefit payments	(177,001,703)	(177,001,703)	0
Administrative expense		(4,960,544)	4,960,544
<b>Net changes</b>	<u>89,448,381</u>	<u>(385,641,138)</u>	<u>475,089,519</u>
<b>Balances at 6/30/2022</b>	<u>\$ 3,322,567,490</u>	<u>\$ 3,009,879,148</u>	<u>\$ 312,688,342</u>

During the measurement year, the NPL increased by approximately \$475 million. The service cost and interest cost increased the NPL by approximately \$284 million while contributions offset by investment losses and administrative expenses increased the NPL by approximately \$209 million.

There were no changes in assumptions or benefits during the year. There were actuarial experience gains during the year that decreased the collective NPL by approximately \$17 million.

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Changes in the discount rate affect the measurement of the TPL. Lower discount rates produce a higher TPL and higher discount rates produce a lower TPL. Because the discount rate does not affect the measurement of assets, the percentage change in the NPL can be very significant for a relatively small change in the discount rate. The table below shows the sensitivity of the NPL to the discount rate.

<b>Table V-2</b> <b>Sensitivity of Collective Net Pension Liability to Changes in Discount Rate</b>			
	<b>1%</b> <b>Decrease</b> <b>5.75%</b>	<b>Discount</b> <b>Rate</b> <b>6.75%</b>	<b>1%</b> <b>Increase</b> <b>7.75%</b>
Total Pension Liability	\$3,752,440,833	\$3,322,567,490	\$2,968,573,633
Plan Fiduciary Net Position	<u>3,009,879,148</u>	<u>3,009,879,148</u>	<u>3,009,879,148</u>
Collective Net Pension Liability	<u>\$ 742,561,685</u>	<u>\$ 312,688,342</u>	<u>\$ (41,305,515)</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	80.2%	90.6%	101.4%

A one percent decrease in the discount rate increases the TPL by approximately 13%, while a one percent increase in the discount rate decreases the TPL by approximately 11%. The increase and decrease in the NPL from these respective discount rate changes are substantially higher.

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**SECTION V – GASB 67 REPORTING INFORMATION**

The schedules of Required Supplementary Information generally start with information as of the implementation of GASB 67, and eventually will build up to 10 years of information. The schedule on the next two pages shows the changes in collective NPL and related ratios required by GASB for the nine years since implementation.

Table V-3 Schedule of Changes in Collective Net Pension Liability and Related Ratios					
	FYE 2022	FYE 2021	FYE 2020	FYE 2019	FYE 2018
<b><u>Total Pension Liability</u></b>					
Service cost (MOY)	\$ 69,061,416	\$ 68,379,239	\$ 63,855,331	\$ 63,587,459	\$ 61,074,664
Interest	214,652,039	207,084,921	203,816,884	195,274,190	188,096,539
Changes of benefit terms	0	0	0	0	0
Differences between expected and actual experience	(17,263,371)	8,570,419	15,620,886	16,721,629	(3,412,765)
Changes of assumptions	0	33,674,504	0	0	40,801,678
Benefit payments, including refunds	(177,001,703)	(167,679,802)	(158,293,527)	(149,212,983)	(139,856,672)
<b>Net change in TPL</b>	<b>\$ 89,448,381</b>	<b>\$ 150,029,281</b>	<b>\$ 124,999,574</b>	<b>\$ 126,370,295</b>	<b>\$ 146,703,444</b>
<b>TPL - beginning</b>	<b>3,233,119,109</b>	<b>3,083,089,828</b>	<b>2,958,090,254</b>	<b>2,831,719,959</b>	<b>2,685,016,515</b>
<b>TPL - ending</b>	<b>\$ 3,322,567,490</b>	<b>\$ 3,233,119,109</b>	<b>\$ 3,083,089,828</b>	<b>\$ 2,958,090,254</b>	<b>\$ 2,831,719,959</b>
<b><u>Plan fiduciary net position</u></b>					
Contributions - employer	\$ 85,165,422	\$ 80,359,731	\$ 75,643,074	\$ 78,738,814	\$ 78,754,476
Contributions - member	33,878,121	32,019,007	30,913,996	30,010,459	28,628,627
Net investment income	(322,722,434)	829,890,325	89,273,498	136,483,513	221,839,196
Benefit payments, including refunds	(177,001,703)	(167,679,802)	(158,293,527)	(149,212,983)	(139,856,672)
Administrative expense	(4,960,544)	(4,383,839)	(4,607,760)	(5,056,351)	(4,203,705)
<b>Net change in plan fiduciary net position</b>	<b>\$ (385,641,138)</b>	<b>\$ 770,205,421</b>	<b>\$ 32,929,281</b>	<b>\$ 90,963,452</b>	<b>\$ 185,161,922</b>
<b>Plan fiduciary net position - beginning</b>	<b>3,395,520,286</b>	<b>2,625,314,865</b>	<b>2,592,385,584</b>	<b>2,501,422,132</b>	<b>2,316,260,210</b>
<b>Plan fiduciary net position - ending</b>	<b>\$ 3,009,879,148</b>	<b>\$ 3,395,520,286</b>	<b>\$ 2,625,314,865</b>	<b>\$ 2,592,385,584</b>	<b>\$ 2,501,422,132</b>
<b>Net pension liability - ending</b>	<b>\$ 312,688,342</b>	<b>\$ (162,401,177)</b>	<b>\$ 457,774,963</b>	<b>\$ 365,704,670</b>	<b>\$ 330,297,827</b>
<b>Plan fiduciary net position as a percentage of the TPL</b>	<b>90.59%</b>	<b>105.02%</b>	<b>85.15%</b>	<b>87.64%</b>	<b>88.34%</b>
<b>Covered payroll</b>	<b>\$ 279,282,881</b>	<b>\$ 272,441,885</b>	<b>\$ 264,730,129</b>	<b>\$ 253,964,938</b>	<b>\$ 248,532,086</b>
<b>Net pension liability as a percentage of covered payroll</b>	<b>111.96%</b>	<b>-59.61%</b>	<b>172.92%</b>	<b>144.00%</b>	<b>132.90%</b>

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**SECTION V – GASB 67 REPORTING INFORMATION**

**Table V-3**  
**Schedule of Changes in Collective Net Pension Liability and Related Ratios**

	FYE 2017	FYE 2016	FYE 2015	FYE 2014
<b><u>Total Pension Liability</u></b>				
Service cost (MOY)	\$ 57,090,773	\$ 55,208,834	\$ 49,064,492	\$ 49,014,858
Interest	184,139,800	176,564,792	166,718,783	159,521,975
Changes of benefit terms	0	0	0	0
Differences between expected and actual experience	(904,678)	(212,631)	(31,054,299)	0
Changes of assumptions	0	0	144,753,646	0
Benefit payments, including refunds	(131,937,062)	(124,203,519)	(115,984,752)	(109,342,861)
<b>Net change in TPL</b>	<b>\$ 108,388,833</b>	<b>\$ 107,357,476</b>	<b>\$ 213,497,871</b>	<b>\$ 99,193,972</b>
<b>TPL - beginning</b>	<b>2,576,627,682</b>	<b>2,469,270,206</b>	<b>2,255,772,335</b>	<b>2,156,578,363</b>
<b>TPL - ending</b>	<b>\$ 2,685,016,515</b>	<b>\$ 2,576,627,682</b>	<b>\$ 2,469,270,206</b>	<b>\$ 2,255,772,335</b>
<b><u>Plan fiduciary net position</u></b>				
Contributions - employer	\$ 77,502,945	\$ 75,260,980	\$ 68,915,072	\$ 69,980,201
Contributions - member	28,053,775	27,207,157	24,920,493	22,952,689
Net investment income	248,347,501	42,927,728	100,055,573	309,002,468
Benefit payments, including refunds	(131,937,062)	(124,203,519)	(115,984,752)	(109,342,861)
Administrative expense	(4,404,191)	(4,379,760)	(4,654,623)	(4,503,845)
<b>Net change in plan fiduciary net position</b>	<b>\$ 217,562,968</b>	<b>\$ 16,812,586</b>	<b>\$ 73,251,763</b>	<b>\$ 288,088,652</b>
<b>Plan fiduciary net position - beginning</b>	<b>2,098,697,242</b>	<b>2,081,884,656</b>	<b>2,008,632,893</b>	<b>1,720,544,241</b>
<b>Plan fiduciary net position - ending</b>	<b>\$ 2,316,260,210</b>	<b>\$ 2,098,697,242</b>	<b>\$ 2,081,884,656</b>	<b>\$ 2,008,632,893</b>
<b>Net pension liability - ending</b>	<b>\$ 368,756,305</b>	<b>\$ 477,930,440</b>	<b>\$ 387,385,550</b>	<b>\$ 247,139,442</b>
<b>Plan fiduciary net position as a percentage of the TPL</b>	<b>86.27%</b>	<b>81.45%</b>	<b>84.31%</b>	<b>89.04%</b>
<b>Covered payroll</b>	<b>\$ 242,045,311</b>	<b>\$ 238,185,040</b>	<b>\$ 223,825,880</b>	<b>\$ 218,340,721</b>
<b>Net pension liability as a percentage of covered payroll</b>	<b>152.35%</b>	<b>200.66%</b>	<b>173.07%</b>	<b>113.19%</b>

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**SECTION V – GASB 67 REPORTING INFORMATION**

Because an Actuarially Determined Contribution (ADC) has been calculated historically, the full 10 years of information in the following schedule is required.

Table V-4 Schedule of Collective Employer Contributions					
	FYE 2022	FYE 2021	FYE 2020	FYE 2019	FYE 2018
Actuarially Determined Contribution Contributions in Relation to the Actuarially Determined Contribution	\$ 85,165,422	\$ 80,359,731	\$ 75,643,074	\$ 78,738,814	\$ 78,754,476
	<u>85,165,422</u>	<u>80,359,731</u>	<u>75,643,074</u>	<u>78,738,814</u>	<u>78,754,476</u>
Contribution Deficiency/(Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll	\$ 279,282,881	\$ 272,441,885	\$ 264,730,129	\$ 253,964,938	\$ 248,532,086
Contributions as a Percentage of Covered Payroll	30.49%	29.50%	28.57%	31.00%	31.69%
	FYE 2017	FYE 2016	FYE 2015	FYE 2014	FYE 2013
Actuarially Determined Contribution Contributions in Relation to the Actuarially Determined Contribution	\$ 77,502,945	\$ 75,260,980	\$ 68,915,072	\$ 69,660,201	\$ 69,853,000
	<u>77,502,945</u>	<u>75,260,980</u>	<u>68,595,072</u>	<u>69,980,201</u>	<u>69,853,000</u>
Contribution Deficiency/(Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 320,000</u>	<u>\$ (320,000)</u>	<u>\$ 0</u>
Covered Payroll	\$ 242,045,311	\$ 238,185,040	\$ 223,825,880	\$ 218,340,721	\$ 211,001,594
Contributions as a Percentage of Covered Payroll	32.02%	31.60%	30.65%	32.05%	33.11%



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**SECTION V – GASB 67 REPORTING INFORMATION**

The following information on key methods and assumptions used to calculate the ADC for FYE 2021 should be presented as notes to the schedule.

Notes to Schedule	
Valuation date	June 30, 2020 (to determine FY2021-22 contribution)
Timing	Actuarially Determined Contribution rates are calculated based on the actuarial valuation one year prior to the beginning of the plan year
Actuarial cost method	Entry age
Amortization method	Level percentage of payroll with separate periods for Extraordinary Actuarial Gains or Loss (18 years remaining as of (6/30/2020), the remaining UAL as of June 20, 2013 (10 years as of 6/30/2020), and additional layers for unexpected changes in UAL after 6/30/2013 (24 years for gains and losses with a 5-year phase in/out and 22 years for assumption changes with a 3-year phase in/out).
Discount rate	6.75%
Amortization growth rate	2.75%
Price Inflation	2.50%
Salary increases	3.00% plus merit component based on employee classification and years of service.
Base Mortality	Sex-distinct Public General 2010 Employee, Healthy Retiree, Disabled Retiree, and Contingent Survivor Mortality Tables, for Miscellaneous actives, healthy retirees (and their beneficiaries prior to the death of the member), disabled retirees, and all beneficiaries in pay status, respectively, with female beneficiaries in pay status adjusted by 105%.  Sex-distinct Public Safety 2010 Above-Median Income Employee, Healthy Retiree, and Disabled Retiree Mortality Tables for Safety actives, healthy retirees (and their beneficiaries prior to the death of the member), and disabled retirees, respectively, with male disabled members adjusted by 95%.
Mortality Improvement	All base tables are projected with generational mortality improvements from a base year of 2010 using Projection Scale MP-2020.
A complete description of the methods and assumptions used to determine contribution rates for the fiscal year ending June 30, 2022, can be found in the June 30, 2020 actuarial valuation report.	

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**SECTION VI – GASB 68 COLLECTIVE AMOUNTS**

We understand that MCERA's participating employers elected to use the 2014 measurement date for their initial reporting under GASB 68 on their June 30, 2015 reporting dates. As a result, the schedules in this section will be used by employers for their FYE 2023 reporting.

The table below summarizes the current balances of deferred outflows and deferred inflows of resources along with the net recognition over the next five years and the total amount recognized thereafter.

Table VI-1 Schedule of Collective Deferred Inflows and Outflows of Resources		
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 8,190,429	\$ 12,947,528
Changes in assumptions	16,837,252	0
Net difference between projected and actual earnings on pension plan investments	90,579,025	0
<b>Total</b>	<b><u>\$ 115,606,706</u></b>	<b><u>\$ 12,947,528</u></b>
Amounts reported as deferred outflows and deferred inflows of resources will be recognized in pension expense as follows:		
<b>Measurement year ended June 30:</b>		
2023	14,645,159	
2024	3,329,981	
2025	(25,282,207)	
2026	109,966,245	
2027	0	
Thereafter \$	0	

The tables on the following pages provide details on the current balances of deferred inflows and outflows of resources along with the recognition of each base for each of the current and following five years, as well as the total for any years thereafter.

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**SECTION VI – GASB 68 COLLECTIVE AMOUNTS**

**Table VI-2**  
**Recognition of Experience (Gains) and Losses**

Experience Year	Recognition Period	Total Amount	Beginning Remaining Amount	Ending Remaining Amount	2022	2023	2024	2025	2026
2022	4.0	\$ (17,263,371)	\$ (17,263,371)	\$ (12,947,528)	\$ (4,315,843)	\$ (4,315,843)	\$ (4,315,843)	\$ (4,315,842)	\$ 0
2021	4.0	8,570,419	6,427,814	4,285,209	2,142,605	2,142,605	2,142,604	0	0
2020	4.0	15,620,886	7,810,442	3,905,220	3,905,222	3,905,220	0	0	0
2019	4.0	16,721,629	4,180,408	0	4,180,408	0	0	0	0
Deferred Outflows			18,418,664	8,190,429	10,228,235	6,047,825	2,142,604	0	0
Deferred (Inflows)			(17,263,371)	(12,947,528)	(4,315,843)	(4,315,843)	(4,315,843)	(4,315,842)	0
Net Change in Pension Expense			\$ 1,155,293	\$ (4,757,099)	\$ 5,912,392	\$ 1,731,982	\$ (2,173,239)	\$ (4,315,842)	\$ 0

**Table VI-3**  
**Recognition of Assumption Changes**

Change Year	Recognition Period	Total Amount	Beginning Remaining Amount	Ending Remaining Amount	2022	2023	2024	2025	2026
2022	4.0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
2021	4.0	33,674,504	25,255,878	16,837,252	8,418,626	8,418,626	8,418,626	0	0
2020	4.0	0	0	0	0	0	0	0	0
2019	4.0	0	0	0	0	0	0	0	0
Deferred Outflows			25,255,878	16,837,252	8,418,626	8,418,626	8,418,626	0	0
Deferred (Inflows)			0	0	0	0	0	0	0
Net Change in Pension Expense			\$ 25,255,878	\$ 16,837,252	\$ 8,418,626	\$ 8,418,626	\$ 8,418,626	\$ 0	\$ 0

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**SECTION VI – GASB 68 COLLECTIVE AMOUNTS**

Table VI-4									
Recognition of Investment (Gains) and Losses									
Experience Year	Recognition Period	Total Amount	Beginning Remaining Amount	Ending Remaining Amount	2022	2023	Recognition Year		
							2024	2025	2026
2022	5.0	\$ 549,831,221	\$ 549,831,221	\$ 439,864,977	\$ 109,966,244	\$ 109,966,244	\$ 109,966,244	\$ 109,966,244	\$ 109,966,245
2021	5.0	(654,663,045)	(523,730,436)	(392,797,827)	(130,932,609)	(130,932,609)	(130,932,609)	(130,932,609)	0
2020	5.0	90,254,799	54,152,879	36,101,919	18,050,960	18,050,960	18,050,959	0	0
2019	5.0	37,049,780	14,819,912	7,409,956	7,409,956	7,409,956	0	0	0
2018	5.0	(60,962,975)	(12,192,595)	0	(12,192,595)	0	0	0	0
Net Change in Pension Expense			\$ 82,880,981	\$ 90,579,025	\$ (7,698,044)	\$ 4,494,551	\$ (2,915,406)	\$ (20,966,365)	\$ 109,966,245

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MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
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**SECTION VI – GASB 68 COLLECTIVE AMOUNTS**

The collective annual pension expense recognized by participating employers can be calculated two different ways. First, it is the change in the amounts reported on the participating employers' Statement of Net Position that relate to MCERA and are not attributable to employer contributions. That is, it is the change in NPL plus the changes in deferred outflows and inflows plus employer contributions.

Alternatively, annual pension expense can be calculated by its individual components. While GASB does not require or suggest the organization of the individual components shown in the table below, we believe it helps to understand the level and volatility of pension expense.

Table VI-5 Calculation of Collective Pension Expense		
	Measurement Year Ending	
	2022	2021
Change in Net Pension Liability	\$ 475,089,519	\$ (620,176,140)
Change in Deferred Outflows	(71,932,164)	37,193,199
Change in Deferred Inflows	(454,002,712)	466,097,048
Employer Contributions	<u>85,165,422</u>	<u>80,359,731</u>
<b>Pension Expense</b>	<b>\$ 34,320,065</b>	<b>\$ (36,526,162)</b>
<b>Pension Expense as % of Payroll</b>	<b>12.29%</b>	<b>-13.41%</b>
<b>Operating Expenses</b>		
Service cost	\$ 69,061,416	\$ 68,379,239
Employee contributions	(33,878,121)	(32,019,007)
Administrative expenses	<u>4,960,544</u>	<u>4,383,839</u>
Total	\$ 40,143,839	\$ 40,744,071
<b>Financing Expenses</b>		
Interest cost	\$ 214,652,039	\$ 207,084,921
Expected return on assets	<u>(227,108,787)</u>	<u>(175,227,279)</u>
Total	\$ (12,456,748)	\$ 31,857,642
<b>Changes</b>		
Benefit changes	\$ 0	\$ 0
Recognition of assumption changes	8,418,626	18,619,044
Recognition of liability gains and losses	5,912,392	9,375,042
Recognition of investment gains and losses	<u>(7,698,044)</u>	<u>(137,121,961)</u>
Total	\$ 6,632,974	\$ (109,127,875)
<b>Pension Expense</b>	<b>\$ 34,320,065</b>	<b>\$ (36,526,162)</b>

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**MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
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**SECTION VI – GASB 68 COLLECTIVE AMOUNTS**

Operating expenses are items directly attributable to the operation of the plan during the measurement year. Service cost less employee contributions represents the increase in employer-provided benefits attributable to the year, and administrative expenses are the cost of operating MCERA for the year.

Financing expenses equal the interest on the Total Pension Liability less the expected return on assets. Since, the discount rate is equal to the long-term expected return on assets, the financing expense is primarily the interest on the Net Pension Liability with an adjustment for the difference between the interest on the service cost and contributions.

The recognition of changes will drive most of the volatility in pension expense from year to year. Changes include any changes in benefits made during the year and the recognized amounts due to assumption changes, gains or losses on the TPL, and investment gains or losses.

The total pension expense increased from the prior year by about \$71 million. In the current year pension expense, the recognition of changes increased by approximately \$116 million, operating expenses decreased by \$0.6 million, and financing expenses decreased by \$44 million compared to the prior year.

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**SECTION VII – GASB 68 REPORTING INFORMATION FOR  
PARTICIPATING EMPLOYERS**

**Proportionate Shares**

Because MCERA is a cost-sharing multiple-employer pension plan, each employer participating in MCERA must report a portion of the collective Net Pension Liability, Pension Expense, and Deferred Outflows and Inflows in its financial statements. GASB 68 requires that the proportionate share for each employer be determined based on the “employer’s projected long-term contribution effort to the pension ... as compared to the total projected long-term contribution effort of all employers ....”

Proportionate shares for each employer have previously been determined based on the employer’s share of the Unfunded Actuarial Liability (UAL) reported in the most recent actuarial valuation. However, because the June 30, 2021 actuarial valuation reported positive UAL amounts for some employers and negative UAL amounts (i.e., surplus) for others, it would not be practical to determine proportionate shares based on each employer’s share of the UAL from the 2021 valuation.

For the June 30, 2022 measurement date, proportionate shares have been determined based on the projected UAL as of the measurement date for each employer. We projected the liabilities for each employer from the June 30, 2021 actuarial valuation to June 30, 2022, using the same procedures used to update the TPL between these dates. We allocated the assets as of June 30, 2022 to each of the three main cost-sharing groups - the County and related employers, the City of San Rafael, and the Novato Fire Protection District - based on the reserves provided by MCERA as of the measurement date, and within each cost-sharing group allocated the assets using the policy adopted by the Board with the June 30, 2021 actuarial valuation to produce an equal funded ratio for each employer within the group.

In Table VII-1 on the following page, the determination of the proportionate shares as of June 30, 2022 is based on the procedure described above. The determination of the proportionate shares as of June 30, 2021 is based on the UAL amounts from the June 30, 2020 actuarial valuation. Going forward, we expect that each employer’s proportionate share will be determined based on its share of the projected UAL as of the measurement date, using the roll-forward procedures described above.

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## MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION GASB 67 AND 68 REPORTING FOR JUNE 30, 2022 MEASUREMENT DATE

### SECTION VII – GASB 68 REPORTING INFORMATION FOR PARTICIPATING EMPLOYERS

Table VII-1					
Determination of Employers' Proportionate Share*					
Employer	June 30, 2022		June 30, 2021		
	UAL (using liabilities rolled forward to June 30, 2022 from the June 20, 2021 valuation and assets as of June 30, 2022)		UAL (from the June 30, 2020 Actuarial Valuation)*		
		Proportionate Share		Proportionate Share	
County	\$ 167,182,825	53.4663%	\$ 279,082,561	55.8749%	
LAFCO	94,887	0.0303%	0	0.0000%	
Marin City	74,948	0.0240%	0	0.0000%	
Mosquito District	2,602,440	0.8323%	7,675,159	1.5366%	
South Marin Fire	7,896,941	2.5255%	17,578,363	3.5193%	
Tamalpais CSD	826,499	0.2643%	407,469	0.0816%	
Courts	6,842,623	2.1883%	11,570,299	2.3165%	
City of San Rafael	105,476,578	33.7322%	148,170,360	29.6650%	
Novato Fire	21,690,607	6.9368%	34,993,749	7.0061%	
<b>Total</b>	<b>\$ 312,688,348</b>	<b>100.0000%</b>	<b>\$ 499,477,960</b>	<b>100.0000%</b>	

\* Numbers may not sum to total due to rounding



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**SECTION VII – GASB 68 REPORTING INFORMATION FOR  
PARTICIPATING EMPLOYERS**

The table below shows the proportionate share of the collective NPL (under three discount rates), the collective deferred outflows, the collective deferred inflows, and the collective pension expense allocated to each participating employer as of June 30, 2022.

<b>Table VII-2</b> <b>Schedule of Employers' Proportionate Share of Collective Amounts at June 30, 2022*</b>							
<b>Employer</b>	<b>Proportionate Share</b>	<b>Share of NPL @ 5.75%</b>	<b>Share of NPL @ 6.75%</b>	<b>Share of NPL @ 7.75%</b>	<b>Share of Deferred Outflows</b>	<b>Share of Deferred Inflows</b>	<b>Pension Expense</b>
County	53.4663%	397,020,258	167,182,887	(22,084,531)	61,810,628	6,922,564	18,349,669
LAFCO	0.0303%	224,996	94,745	(12,516)	35,029	3,923	10,399
Marin City	0.0240%	178,215	75,045	(9,913)	27,746	3,107	8,237
Mosquito District	0.8323%	6,180,341	2,602,505	(343,786)	962,195	107,762	285,646
South Marin Fire	2.5255%	18,753,395	7,896,944	(1,043,171)	2,919,647	326,990	866,753
Tamalpais CSD	0.2643%	1,962,591	826,435	(109,170)	305,549	34,220	90,708
Courts	2.1883%	16,249,477	6,842,559	(903,889)	2,529,822	283,331	751,026
City of San Rafael	33.7322%	250,482,393	105,476,657	(13,933,259)	38,996,685	4,367,486	11,576,913
Novato Fire	6.9368%	51,510,019	21,690,565	(2,865,281)	8,019,406	898,144	2,380,714
<b>Total</b>	<b>100.0000%</b>	<b>\$742,561,685</b>	<b>\$312,688,342</b>	<b>\$ (41,305,515)</b>	<b>\$115,606,706</b>	<b>\$ 12,947,528</b>	<b>\$ 34,320,065</b>

\* Numbers may not sum to total due to rounding

The proportionate share allocated to each individual employer will change on each measurement date. The net effect of the change in proportion on the share of the collective NPL, collective deferred outflows, and collective deferred inflows allocated to each employer becomes a deferred outflow or inflow for that employer and is recognized over the average future working life of MCERA's active and inactive members (four years).

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### MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION GASB 67 AND 68 REPORTING FOR JUNE 30, 2022 MEASUREMENT DATE

#### SECTION VII – GASB 68 REPORTING INFORMATION FOR PARTICIPATING EMPLOYERS

Similarly, the difference between each employer's actual contributions and the employer's proportionate share of collective employer contributions becomes a deferred outflow or inflow for that employer and is recognized over the average future working life of MCERA's active and inactive members (four years).

The table below shows the change in proportion and the impact of that change in proportion on the proportionate share of the collective NPL, collective deferred outflows, and collective deferred inflows. It also shows any contribution differences.

Table VII-3 Schedule of Employers' Changes in Proportion and Contribution Differences*									
Employer	Proportionate Shares		Impact of Change in Proportion				Contributions		
	6/30/2021	6/30/2022	Net Pension Liability	Deferred Outflows	Deferred Inflows	Net Effect	Actual	Proportionate Share	Difference
County	55.8749%	53.4663%	\$ 3,911,595	\$ (1,051,945)	\$ 11,246,963	\$ (6,283,424)	\$ 52,437,308	\$ 45,534,800	\$ 6,902,508
LAFCO	0.0000%	0.0303%	(49,208)	13,233	(141,486)	79,045	53,739	25,805	27,934
Marin City	0.0000%	0.0240%	(38,976)	10,482	(112,068)	62,610	50,241	20,440	29,801
Mosquito District	1.5366%	0.8323%	1,143,791	(307,600)	3,288,731	(1,837,339)	1,130,973	708,832	422,141
South Marin Fire	3.5193%	2.5255%	1,613,943	(434,038)	4,640,551	(2,592,571)	2,971,511	2,150,853	820,659
Tamalpais CSD	0.0816%	0.2643%	(296,707)	79,793	(853,118)	476,618	310,325	225,092	85,232
Courts	2.3165%	2.1883%	208,198	(55,991)	598,630	(334,441)	1,848,644	1,863,675	(15,031)
City of San Rafael	29.6650%	33.7322%	(6,605,181)	1,776,331	(18,991,800)	10,610,289	21,785,726	28,728,170	(6,942,445)
Novato Fire	7.0061%	6.9368%	112,544	(30,266)	323,597	(180,786)	4,576,956	5,907,755	(1,330,799)
<b>Total</b>	<b>100.0000%</b>	<b>100.0000%</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$85,165,422</b>	<b>\$85,165,422</b>	<b>\$ 0</b>

\* Numbers may not sum to total due to rounding

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**MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
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**SECTION VII – GASB 68 REPORTING INFORMATION FOR  
PARTICIPATING EMPLOYERS**

The table below shows the reconciliation of deferred outflows and inflows due to proportion changes for each participating employer from the prior measurement date to the current measurement date.

<b>Table VII-4</b> <b>Reconciliation of Deferred Outflows and Inflows Due to Proportion Change*</b>								
<b>Employer</b>	<b>Deferred Outflows</b>				<b>Deferred Inflows</b>			
	<b>6/30/2021</b>	<b>Current Year Net Effect</b>	<b>Recognition</b>	<b>6/30/2022</b>	<b>6/30/2021</b>	<b>Current Year Net Effect</b>	<b>Recognition</b>	<b>6/30/2022</b>
County	\$ 10,901,164	\$ 0	\$ 4,009,284	\$ 6,891,880	\$ (3,567,865)	\$ (6,283,424)	\$ (5,138,720)	\$ (4,712,568)
LAFCO	12,570	79,045	26,046	65,569	(29,118)	0	(15,897)	(13,222)
Marin City	2,321	62,610	17,974	46,957	(4,669)	0	(2,334)	(2,334)
Mosquito District	793,504	0	396,752	396,752	(441,602)	(1,837,339)	(867,316)	(1,411,625)
South Marin Fire	2,713,713	0	1,391,874	1,321,839	0	(2,592,571)	(648,143)	(1,944,428)
Tamalpais CSD	41,365	476,618	132,943	385,040	(711,103)	0	(450,911)	(260,192)
Courts	1,003,175	0	400,442	602,733	(195,987)	(334,441)	(279,598)	(250,831)
City of San Rafael	2,797,308	10,610,289	5,449,880	7,957,716	(17,336,022)	0	(6,452,257)	(10,883,765)
Novato Fire	4,021,247	0	2,075,178	1,946,068	0	(180,786)	(45,197)	(135,590)
<b>Total</b>	<b>\$22,286,366</b>	<b>\$11,228,561</b>	<b>\$13,900,374</b>	<b>\$19,614,554</b>	<b>\$(22,286,366)</b>	<b>\$(11,228,561)</b>	<b>\$(13,900,374)</b>	<b>\$(19,614,554)</b>

\* Numbers may not sum to total due to rounding

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## MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION GASB 67 AND 68 REPORTING FOR JUNE 30, 2022 MEASUREMENT DATE

### SECTION VII – GASB 68 REPORTING INFORMATION FOR PARTICIPATING EMPLOYERS

The table below shows the reconciliation of deferred outflows and inflows due to contribution differences for each participating employer from the prior measurement date to the current measurement date.

Table VII-5 Reconciliation of Deferred Outflows and Inflows Due to Contribution Differences*									
Employer	Deferred Outflows				Deferred Inflows				
	6/30/2021	Current Year Difference	Recognition	6/30/2022	6/30/2021	Current Year Difference	Recognition	6/30/2022	
County	\$ 8,608,724	\$ 6,902,508	\$ 6,383,193	\$ 9,128,038	\$ 0	\$ 0	\$ 0	\$ 0	
LAFCO	46,074	27,934	28,273	45,735	0	0	0	0	
Marin City	78,665	29,801	42,568	65,898	0	0	0	0	
Mosquito District	28,602	422,141	134,138	316,606	(261,256)	0	(103,307)	(157,950)	
South Marin Fire	270,180	820,659	374,114	716,725	(70,137)	0	(23,379)	(46,758)	
Tamalpais CSD	369,516	85,232	186,638	268,111	0	0	0	0	
Courts	225,224	0	153,739	71,484	0	(15,031)	(3,758)	(11,273)	
City of San Rafael	0	0	0	0	(8,395,761)	(6,942,445)	(6,526,081)	(8,812,125)	
Novato Fire	15,212	0	15,212	0	(915,042)	(1,330,799)	(661,350)	(1,584,490)	
<b>Total</b>	<b>\$ 9,642,196</b>	<b>\$ 8,288,275</b>	<b>\$ 7,317,875</b>	<b>\$10,612,596</b>	<b>\$ (9,642,196)</b>	<b>\$ (8,288,275)</b>	<b>\$ (7,317,875)</b>	<b>\$(10,612,596)</b>	

\* Numbers may not sum to total due to rounding

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## MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION GASB 67 AND 68 REPORTING FOR JUNE 30, 2022 MEASUREMENT DATE

### SECTION VII – GASB 68 REPORTING INFORMATION FOR PARTICIPATING EMPLOYERS

The table below summarizes the deferred outflows allocated to each employer for experience, assumption changes, investment returns, proportion changes, and contribution differences.

Table VII-6 Schedule of Employers' Deferred Outflows at June 30, 2022*						
Employer	Proportionate Shares	Experience	Assumption Changes	Investment Return	Proportion Change	Contribution Difference
County	53.4663%	\$ 4,379,119	\$ 9,002,256	\$ 48,429,253	\$ 6,891,880	\$ 9,128,038
LAFCO	0.0303%	2,482	5,102	27,445	65,569	45,735
Marin City	0.0240%	1,966	4,041	21,739	46,957	65,898
Mosquito District	0.8323%	68,169	140,136	753,889	396,752	316,606
South Marin Fire	2.5255%	206,849	425,225	2,287,573	1,321,839	716,725
Tamalpais CSD	0.2643%	21,647	44,501	239,400	385,040	268,111
Courts	2.1883%	179,231	368,450	1,982,141	602,733	71,484
City of San Rafael	33.7322%	2,762,812	5,679,576	30,554,298	7,957,716	0
Novato Fire	6.9368%	568,154	1,167,966	6,283,286	1,946,068	0
<b>Total</b>	<b>100.0000%</b>	<b>\$ 8,190,429</b>	<b>\$ 16,837,252</b>	<b>\$90,579,025</b>	<b>\$ 19,614,554</b>	<b>\$ 10,612,596</b>

\* Numbers may not sum to total due to rounding

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## MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION GASB 67 AND 68 REPORTING FOR JUNE 30, 2022 MEASUREMENT DATE

### SECTION VII – GASB 68 REPORTING INFORMATION FOR PARTICIPATING EMPLOYERS

The table below summarizes the deferred inflows allocated to each employer for experience, assumption changes, investment returns, proportion changes, and contribution differences.

**Table VII-7**  
**Schedule of Employers' Deferred Inflows at June 30, 2022\***

Employer	Proportionate Shares	Experience	Assumption Changes	Investment Return	Proportion Change	Contribution Difference
County	53.4663%	\$ 6,922,564	\$ 0	\$ 0	\$ 4,712,568	\$ 0
LAFCO	0.0303%	3,923	0	0	13,222	0
Marin City	0.0240%	3,107	0	0	2,334	0
Mosquito District	0.8323%	107,762	0	0	1,411,625	157,950
South Marin Fire	2.5255%	326,990	0	0	1,944,428	46,758
Tamalpais CSD	0.2643%	34,220	0	0	260,192	0
Courts	2.1883%	283,331	0	0	250,831	11,273
City of San Rafael	33.7322%	4,367,486	0	0	10,883,765	8,812,125
Novato Fire	6.9368%	898,144	0	0	135,590	1,584,490
<b>Total</b>	<b>100.0000%</b>	<b>\$12,947,528</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 19,614,554</b>	<b>\$ 10,612,596</b>

\* Numbers may not sum to total due to rounding

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## MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION GASB 67 AND 68 REPORTING FOR JUNE 30, 2022 MEASUREMENT DATE

### SECTION VII – GASB 68 REPORTING INFORMATION FOR PARTICIPATING EMPLOYERS

The table below shows the net amount of deferred outflows and inflows to be recognized by each participating employer in each of the next four years and the total thereafter.

Table VII-8 Schedule of Employers' Recognition of Deferred Outflows and Inflows at June 30, 2022*					
Employer	Recognition for Measurement Year Ending				
	2023	2024	2025	2026	Thereafter
County	\$ 14,770,354	\$ 5,992,868	\$ (13,362,690)	\$ 58,794,882	\$ 0
LAFCO	48,837	27,946	19,084	33,320	0
Marin City	50,289	41,443	17,035	26,392	0
Mosquito District	44,727	(397,538)	(564,223)	915,249	0
South Marin Fire	746,148	198,170	(1,081,480)	2,777,198	0
Tamalpais CSD	75,647	224,357	73,642	290,641	0
Courts	697,036	195,795	(640,619)	2,406,391	0
City of San Rafael	(3,267,480)	(3,324,244)	(7,611,284)	37,094,034	0
Novato Fire	1,479,601	371,183	(2,131,672)	7,628,138	0
<b>Total</b>	<b>\$ 14,645,159</b>	<b>\$ 3,329,981</b>	<b>\$ (25,282,207)</b>	<b>\$ 109,966,245</b>	<b>\$ 0</b>

\* Numbers may not sum to total due to rounding

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### MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION GASB 67 AND 68 REPORTING FOR JUNE 30, 2022 MEASUREMENT DATE

#### SECTION VII – GASB 68 REPORTING INFORMATION FOR PARTICIPATING EMPLOYERS

The table below shows the calculation of the pension expense for each participating employer. The calculation is shown first as the sum of the proportionate share of the collective pension expense and the amounts recognized for proportion changes and contribution differences. The right side of the table shows the calculation as the sum of the changes in NPL and deferred amounts not attributable to contributions.

Employers that are using a June 30, 2022 measurement date for their June 30, 2023 financial statements can use this schedule for their annual pension expense.

<p style="text-align: center;">Table VII-9 Schedule of Employers' Pension Expense for the Measurement Year Ending June 30, 2022*</p>									
Employer	Collective	Change in	Contribution	Employer	Change in Employer			Employer	Employer
	Pension			Pension	Net Pension	Deferred	Deferred		
	Expense	Proportion	Difference	Expense	Liability	Outflows	Inflows	Contributions	Pension
County	\$ 18,349,669	\$(1,129,436)	\$ 6,383,193	\$ 23,603,426	\$ 257,924,382	\$ (33,917,552)	\$ (252,840,712)	\$ 52,437,308	\$ 23,603,426
LAFCO	10,399	10,149	28,273	48,821	94,745	(87,689)	(11,974)	53,739	48,821
Marin City	8,237	15,640	42,568	66,444	75,045	(59,614)	773	50,241	66,444
Mosquito District	285,646	(470,565)	30,831	(154,088)	5,097,962	(182,343)	(6,200,679)	1,130,973	(154,088)
South Marin Fire	866,753	743,731	350,735	1,961,219	13,612,329	(437,280)	(14,185,341)	2,971,511	1,961,219
Tamalpais CSD	90,708	(317,968)	186,638	(40,623)	958,955	(512,180)	(797,722)	310,325	(40,623)
Courts	751,026	120,844	149,982	1,021,852	10,604,582	(963,919)	(10,467,455)	1,848,644	1,021,852
City of San Rafael	11,576,913	(1,002,377)	(6,526,081)	4,048,455	153,652,966	(31,201,041)	(140,189,196)	21,785,726	4,048,455
Novato Fire	2,380,714	2,029,982	(646,138)	3,764,557	33,068,554	(2,869,134)	(31,011,819)	4,576,956	3,764,557
<b>Total</b>	<b>\$34,320,065</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$34,320,063</b>	<b>\$475,089,519</b>	<b>\$(70,230,752)</b>	<b>\$(455,704,125)</b>	<b>\$85,165,422</b>	<b>\$34,320,063</b>

\* Numbers may not sum to total due to rounding



# C.1

## MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION GASB 67 AND 68 REPORTING FOR JUNE 30, 2022 MEASUREMENT DATE

### SECTION VII – GASB 68 REPORTING INFORMATION FOR PARTICIPATING EMPLOYERS

The table below summarizes the information needed for each employer's schedules of required supplementary information.

Table VII-10 Schedule of Employers' RSI Information at June 30, 2022*									
Employer	Proportionate Shares	Proportionate Share of NPL	Covered Payroll	Share of NPL as a % of Payroll	Plan Fiduciary Net Position as % of TPL	Contractually Required Contribution	Actual Contributions	Contribution Deficiency	Contributions as a % of Payroll
County	53.4663%	\$ 167,182,887	\$ 212,987,836	78.5%	90.6%	\$ 52,437,308	\$ 52,437,308	\$ 0	24.6%
LAFCO	0.0303%	94,745	313,897	30.2%	90.6%	53,739	53,739	0	17.1%
Marin City	0.0240%	75,045	87,202	86.1%	90.6%	50,241	50,241	0	57.6%
Mosquito District	0.8323%	2,602,505	3,696,722	70.4%	90.6%	1,130,973	1,130,973	0	30.6%
South Marin Fire	2.5255%	7,896,944	7,774,051	101.6%	90.6%	2,971,511	2,971,511	0	38.2%
Tamalpais CSD	0.2643%	826,435	1,164,772	71.0%	90.6%	310,325	310,325	0	26.6%
Courts	2.1883%	6,842,559	8,020,873	85.3%	90.6%	1,848,644	1,848,644	0	23.0%
City of San Rafael	33.7322%	105,476,657	35,194,710	299.7%	90.6%	21,785,726	21,785,726	0	61.9%
Novato Fire	6.9368%	21,690,565	10,042,818	216.0%	90.6%	4,576,956	4,576,956	0	45.6%
<b>Total</b>	<b>100.0000%</b>	<b>\$312,688,342</b>	<b>\$279,282,881</b>	<b>112.0%</b>	<b>90.6%</b>	<b>\$85,165,422</b>	<b>\$85,165,422</b>	<b>\$ 0</b>	<b>30.5%</b>

\* Numbers may not sum to total due to rounding

**C.1**  
**MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
**GASB 67 AND 68 REPORTING FOR JUNE 30, 2022 MEASUREMENT DATE**

**APPENDIX A – MEMBERSHIP INFORMATION**

Participant Data as of June 30, 2021: County of Marin														
	Miscellaneous		Marin County Safety		Total		Miscellaneous		Marin Special Districts Safety		Total		Total County and Special Districts	
	6/30/2020	6/30/2021	6/30/2020	6/30/2021	6/30/2020	6/30/2021	6/30/2020	6/30/2021	6/30/2020	6/30/2021	6/30/2020	6/30/2021	6/30/2020	6/30/2021
<b>Active Participants</b>														
Number	1,727	1,706	361	356	2,088	2,062	155	163	51	52	206	215	2,294	2,277
Average Age	47.49	47.39	40.47	40.28	46.27	46.16	49.05	47.79	42.71	41.31	47.48	46.23	46.38	46.17
Average Service	9.50	9.55	11.06	10.75	9.77	9.75	11.51	10.44	10.20	9.46	11.18	10.20	9.89	9.80
Average Pay*	\$95,252	\$97,358	\$119,454	\$123,044	\$99,437	\$101,792	\$86,957	\$87,666	\$130,847	\$132,414	\$97,823	\$98,489	\$99,292	\$101,481
<b>Service Retired</b>														
Number	1,664	1,710	269	290	1,933	2,000	135	151	30	34	165	185	2,098	2,185
Average Age	72.63	72.80	64.77	64.61	71.54	71.61	69.58	69.99	63.92	63.87	68.55	68.87	71.30	71.38
Average Total Benefit*	\$39,463	\$40,184	\$71,999	\$72,947	\$43,990	\$44,935	\$38,855	\$39,403	\$73,208	\$72,909	\$45,101	\$45,561	\$44,078	\$44,988
<b>Beneficiaries</b>														
Number	278	283	77	78	355	361	17	17	10	8	27	25	382	386
Average Age	74.71	74.96	70.13	70.16	73.72	73.92	67.36	68.36	68.59	66.33	67.81	67.71	73.30	73.52
Average Total Benefit*	\$27,293	\$27,432	\$42,501	\$45,530	\$30,591	\$31,342	\$26,460	\$26,895	\$46,563	\$52,394	\$33,906	\$35,055	\$30,826	\$31,583
<b>Duty Disabled</b>														
Number	84	83	126	125	210	208	6	6	18	19	24	25	234	233
Average Age	68.97	69.85	63.72	64.39	65.82	66.57	65.88	66.88	66.71	66.72	66.50	66.76	65.89	66.59
Average Total Benefit*	\$40,107	\$40,146	\$62,730	\$63,643	\$53,681	\$54,267	\$34,404	\$34,947	\$62,464	\$64,005	\$55,449	\$57,031	\$53,862	\$54,563
<b>Ordinary Disabled</b>														
Number	28	28	8	8	36	36	2	2	0	0	2	2	38	38
Average Age	71.37	72.37	56.14	57.14	67.98	68.98	65.85	66.85	0.00	0.00	65.85	66.85	67.87	68.87
Average Total Benefit*	\$22,307	\$22,712	\$44,162	\$45,027	\$27,164	\$27,671	\$26,389	\$26,917	\$0	\$0	\$26,389	\$26,917	\$27,123	\$27,631
<b>Total In Pay</b>														
Number	2,054	2,104	480	501	2,534	2,605	160	176	58	61	218	237	2,752	2,842
Average Age	72.75	72.97	65.21	65.30	71.32	71.49	69.16	69.69	65.59	65.08	68.21	68.50	71.07	71.24
Average Total Benefit*	\$37,608	\$38,235	\$64,370	\$65,911	\$42,677	\$43,558	\$37,215	\$37,901	\$65,280	\$67,445	\$44,682	\$45,505	\$42,836	\$43,720
<b>Terminated Vested</b>														
Number	241	261	26	34	267	295	19	20	2	3	21	23	288	318
Average Age	48.34	48.41	45.09	42.43	48.02	47.72	46.69	48.27	53.70	52.40	47.36	48.81	47.97	47.80
Average Service	8.28	8.20	7.65	7.18	8.22	8.08	9.32	9.15	3.50	7.00	8.76	8.87	8.26	8.14
<b>Transfers</b>														
Number	176	170	55	54	231	224	30	28	11	10	41	38	272	262
Average Age	50.20	50.18	45.28	44.66	49.03	48.85	50.22	48.20	47.25	46.84	49.43	47.84	49.09	48.70
Average Service	4.91	4.96	4.00	4.98	4.70	4.97	5.40	5.18	5.18	5.20	5.34	5.18	4.79	5.00
<b>Total Inactive</b>														
Number	417	431	81	88	498	519	49	48	13	13	62	61	560	580
Average Age	49.12	49.11	45.22	43.80	48.49	48.21	48.85	48.23	48.25	48.12	48.73	48.20	48.52	48.21
Average Service	6.86	6.92	5.17	5.83	6.59	6.74	6.92	6.83	4.92	5.62	6.50	6.57	6.58	6.72

\*All payroll and benefit figures shown are annual.

**C.1**  
**MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
**GASB 67 AND 68 REPORTING FOR JUNE 30, 2022 MEASUREMENT DATE**

**APPENDIX A – MEMBERSHIP INFORMATION**

Participant Data as of June 30, 2021: City of San Rafael										
	Miscellaneous		Police		Fire		Total Safety		Total	
	6/30/2020	6/30/2021	6/30/2020	6/30/2021	6/30/2020	6/30/2021	6/30/2020	6/30/2021	6/30/2020	6/30/2021
<b>Active Participants</b>										
Number	205	188	60	68	67	70	127	138	332	326
Average Age	45.01	46.14	39.69	38.38	39.38	39.08	39.53	38.74	42.91	43.01
Average Service	9.07	9.22	10.35	9.26	10.06	9.37	10.20	9.32	9.50	9.26
Average Pay*	\$83,143	\$85,235	\$126,558	\$125,863	\$134,591	\$128,265	\$130,796	\$127,082	\$101,372	\$102,949
<b>Service Retired</b>										
Number	278	289	80	82	86	86	166	168	444	457
Average Age	69.96	70.41	66.91	66.93	68.73	68.95	67.86	67.96	69.18	69.51
Average Total Benefit*	\$39,832	\$41,223	\$73,645	\$77,125	\$97,541	\$101,395	\$86,025	\$89,549	\$57,103	\$58,988
<b>Beneficiaries</b>										
Number	43	43	24	26	22	22	46	48	89	91
Average Age	75.39	74.00	69.04	69.92	74.18	75.18	71.50	72.33	73.38	73.12
Average Total Benefit*	\$22,467	\$23,880	\$35,984	\$39,991	\$41,596	\$42,833	\$38,668	\$41,293	\$30,841	\$33,065
<b>Duty Disabled</b>										
Number	18	18	43	41	24	24	67	65	85	83
Average Age	67.93	68.93	62.16	62.40	68.81	69.81	64.54	65.14	65.26	65.96
Average Total Benefit*	\$30,412	\$31,312	\$63,027	\$65,564	\$97,086	\$99,999	\$75,227	\$78,278	\$65,737	\$68,093
<b>Ordinary Disabled</b>										
Number	3	2	0	0	0	0	0	0	3	2
Average Age	73.53	88.45	0.00	0.00	0.00	0.00	0.00	0.00	73.53	88.45
Average Total Benefit*	\$18,526	\$13,586	\$0	\$0	\$0	\$0	\$0	\$0	\$18,526	\$13,586
<b>Total In Pay</b>										
Number	342	352	147	149	132	132	279	281	621	633
Average Age	70.57	70.88	65.87	66.21	69.65	70.14	67.66	68.06	69.26	69.63
Average Total Benefit*	\$36,966	\$38,440	\$64,390	\$67,464	\$88,134	\$91,381	\$75,624	\$78,699	\$54,334	\$56,312
<b>Terminated Vested</b>										
Number	46	48	20	18	5	6	25	24	71	72
Average Age	48.19	47.93	43.37	45.17	37.29	37.42	42.15	43.23	46.06	46.36
Average Service	6.00	6.50	10.45	10.50	5.60	6.50	9.48	9.50	7.23	7.50
<b>Transfers</b>										
Number	64	78	14	14	5	6	19	20	83	98
Average Age	44.80	43.31	47.11	48.18	42.95	42.23	46.02	46.40	45.08	43.94
Average Service	3.20	2.72	3.64	4.43	3.60	3.67	3.63	4.20	3.30	3.02
<b>Total Inactive</b>										
Number	110	126	34	32	10	12	44	44	154	170
Average Age	46.22	45.07	44.91	46.49	40.12	39.83	43.82	44.67	45.53	44.96
Average Service	4.37	4.16	7.65	7.84	4.60	5.08	6.95	7.09	5.11	4.92

\*All payroll and benefit figures shown are annual.

**C.1**  
**MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
**GASB 67 AND 68 REPORTING FOR JUNE 30, 2022 MEASUREMENT DATE**

**APPENDIX A – MEMBERSHIP INFORMATION**

Participant Data as of June 30, 2021: Novato Fire Protection District						
	Miscellaneous		Safety		Total	
	6/30/2020	6/30/2021	6/30/2020	6/30/2021	6/30/2020	6/30/2021
<b>Active Participants</b>						
Number	10	10	67	69	77	79
Average Age	46.77	47.77	43.84	43.99	44.22	44.46
Average Service	9.70	10.70	13.52	13.33	13.03	13.00
Average Pay*	\$107,682	\$108,769	\$136,217	\$138,224	\$132,511	\$134,495
<b>Service Retired</b>						
Number	6	5	58	58	64	63
Average Age	64.67	67.06	68.41	68.78	68.06	68.64
Average Total Benefit*	\$40,297	\$48,044	\$112,801	\$115,401	\$106,004	\$110,055
<b>Beneficiaries</b>						
Number	1	1	19	20	20	21
Average Age	57.67	58.67	66.77	68.35	66.31	67.89
Average Total Benefit*	\$12,798	\$12,990	\$43,558	\$44,783	\$42,020	\$43,269
<b>Duty Disabled</b>						
Number	0	0	33	33	33	33
Average Age	0.00	0.00	68.81	69.81	68.81	69.81
Average Total Benefit*	\$0	\$0	\$85,116	\$86,393	\$85,116	\$86,393
<b>Ordinary Disabled</b>						
Number	0	0	0	0	0	0
Average Age	0.00	0.00	0.00	0.00	0.00	0.00
Average Total Benefit*	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total In Pay</b>						
Number	7	6	110	111	117	117
Average Age	63.67	65.66	68.24	69.01	67.97	68.84
Average Total Benefit*	\$36,369	\$42,201	\$92,535	\$94,053	\$89,175	\$91,394
<b>Terminated Vested</b>						
Number	1	1	1	1	2	2
Average Age	45.12	46.12	48.64	49.63	46.88	47.88
Average Service	12.00	12.00	9.00	9.00	10.50	10.50
<b>Transfers</b>						
Number	0	0	11	11	11	11
Average Age	0.00	0.00	45.07	46.07	45.07	46.07
Average Service	0.00	0.00	3.91	4.27	3.91	4.27
<b>Total Inactive</b>						
Number	1	1	12	12	13	13
Average Age	45.12	46.12	45.37	46.37	45.35	46.35
Average Service	12.00	12.00	4.33	4.67	4.92	5.23

\*All payroll and benefit figures shown are annual.

Please refer to the June 30, 2021 actuarial valuation report for a more complete summary of the data.

C.1  
MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
GASB 67 AND 68 REPORTING FOR JUNE 30, 2022 MEASUREMENT DATE

**APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS**

A summary of the actuarial assumptions and methods used to calculate the Total Pension Liability as of June 30, 2022 is provided below, including any assumptions that differ from those used in the July 1, 2021 actuarial valuation. Please refer to the June 30, 2021 actuarial valuation report for a complete description of all other assumptions. The economic and demographic assumptions were adopted by the Board, based on an experience study performed by Cheiron covering the period from July 1, 2017 through June 30, 2020. The experience study report contains the rationale for all recommended assumptions.

**Key Actuarial Assumptions**

<b>Expected Return on Assets</b>	6.75 percent per year, net of investment expenses
<b>Discount Rate</b>	6.75 percent per year
<b>Price Inflation</b>	2.50% per year
<b>Salary Increases</b>	3.00% per year plus merit component based on employee classification and years of service
<b>Administrative Expenses</b>	Administrative expenses in the actuarial valuation are assumed to be \$5.1375 million for FY2021-22 to be split between employees and employers based on their share of the overall contributions. Administrative expenses shown in this report are based on the actual FY2021-22 amounts.
<b>Post-retirement COLA</b>	Post-retirement COLAs are assumed at the rate of 2.5% for members with a 4% COLA cap, 2.4% for members with a 3% COLA cap, and 1.9% for members with a 2% COLA cap.
<b>Mortality Rates for Active Members</b>	<p>Mortality rates for Miscellaneous active members are based on the sex distinct Public General 2010 Employee Mortality Table, with generational mortality improvements projected from 2010 using Projection Scale MP-2020, with no adjustments.</p> <p>Mortality rates for Safety active members are based on the sex distinct Public Safety 2010 Above-Median Income Employee Mortality Table, with generational mortality improvements projected from 2010 using Projection Scale MP-2020, with no adjustments. 10% of Safety member active deaths are assumed to occur in the line of duty.</p>

## C.1

### MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION GASB 67 AND 68 REPORTING FOR JUNE 30, 2022 MEASUREMENT DATE

#### APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS

##### **Mortality Rates for Retired Healthy Members**

Mortality rates for Miscellaneous retired members are based on the sex distinct Public General 2010 Healthy Retiree Mortality Table, with generational mortality improvements projected from 2010 using Projection Scale MP-2020, with no adjustments.

Mortality rates for Safety retired members are based on the sex distinct Public Safety 2010 Above-Median Income Healthy Retiree Mortality Table, with generational mortality improvements projected from 2010 using Projection Scale MP-2020, with no adjustments.

##### **Mortality Rates for Retired Disabled Members**

Rates of mortality for Miscellaneous disabled members are based on the sex distinct Public General 2010 Disabled Retiree Mortality Table, with generational mortality improvements projected from 2010 using Projection Scale MP-2020, with no adjustments.

Rates of mortality for Safety disabled members are based on the sex distinct Public Safety 2010 Disabled Retiree Mortality Table, with generational mortality improvements projected from 2010 using Projection Scale MP-2020, adjusted by 95% for males with no adjustment for females.

##### **Mortality Rates for Beneficiaries**

Rates of mortality for members' beneficiaries once their benefits commence are given by sex distinct Public 2010 Contingent Survivor Mortality Table, using General 2010 Healthy Retiree Mortality Table before age 45, with generational mortality improvements projected from 2010 using Projection Scale MP-2020, adjusted by 105% for females and no adjustments to males. Prior to the death of the member, the mortality of the beneficiaries is assumed to use the same sex distinct assumptions as the retired healthy members.

**APPENDIX B – ACTUARIAL ASSUMPTIONS AND METHODS**

## **Actuarial Methods**

### **1. Actuarial Cost Method**

The actuarial valuation is prepared using the Entry Age Actuarial Cost Method (CERL 31453.5). Under the principles of this method, the actuarial present value of the projected benefits of each individual included in the valuation is allocated as a level percentage of the individual's projected compensation between entry age and assumed exit (until maximum retirement age). For members who transferred from outside of MCERA, entry age is based on entry into the system. The normal cost for the Plan is based on the sum of the individual normal costs for each member (Individual Entry Age Method).

The UAL (or Surplus Funding) is amortized as a percentage of the projected salaries of present and future members of MCERA. Effective with the June 30, 2013 valuation, the UAL as of June 30, 2013 is amortized over a closed 17-year period (9 years remaining as of June 30, 2021), except for the additional UAL attributable to the extraordinary loss from 2008-2009, which is being amortized over a separate closed period (17 years as of June 30, 2021). Surplus Funding is only amortized if the Plan's Funding Ratio exceeds 120%.

Any subsequent unexpected change in the Unfunded Actuarial Liability after June 30, 2013 is amortized over 24 years (22 years for assumption changes) that includes a five-year phase-in/out (three years for assumption changes) of the payments/credits for each annual layer.

### **2. Valuation Assets**

As of the June 30, 2014 valuation, assets are valued using the market value. The assets used to compute the UAL are the Market Value of Assets, minus the value of any non-valuation contingency reserves. As of the June 30, 2021 valuation, the assets for each employer are allocated based on the reserves maintained by MCERA for each of the three main cost-sharing groups – the County and related employers, the City of San Rafael, and the Novato Fire Protection District. Within each cost-sharing group, the assets are allocated such that all employers within the group have the same funded ratio.

**MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
GASB 67 AND 68 REPORTING FOR JUNE 30, 2022 MEASUREMENT DATE**

**APPENDIX C – SUMMARY OF PLAN PROVISIONS**

The plan provisions are the same as those summarized in the June 30, 2021 actuarial valuation report.



## APPENDIX D – GLOSSARY OF TERMS

### 1. Actuarially Determined Contribution

A target or recommended contribution for the reporting period, determined in conformity with Actuarial Standards of Practice based on the most recent measurement available when the contribution for the reporting period was adopted.

### 2. Actuarial Valuation Date

The date as of which an actuarial valuation is performed. This date may be up to 24 months prior to the measurement date and up to 30 months prior to the employer's reporting date.

### 3. Deferred Inflow of Resources

An acquisition of net assets by a government employer that is applicable to a future reporting period. In the context of GASB 68, these are experience gains on the Total Pension Liability, assumption changes reducing the Total Pension Liability, or investment gains that are recognized in future reporting periods.

### 4. Deferred Outflow of Resources

A consumption of net assets by a government employer that is applicable to a future reporting period. In the context of GASB 68, these are experience losses on the Total Pension Liability, assumption changes increasing the Total Pension Liability, or investment losses that are recognized in future reporting periods.

### 5. Entry Age Actuarial Cost Method

The actuarial cost method required for GASB 67 and 68 calculations. Under this method, the actuarial present value of the projected benefits of each individual included in an actuarial valuation is allocated on a level basis over the earnings of the individual between entry age and assumed exit ages. The portion of this actuarial present value allocated to a valuation year is called the service cost. The portion of this actuarial present value not provided for at a valuation date by the actuarial present value of future service costs is called the Total Pension Liability.

### 6. Measurement Date

The date as of which the Total Pension Liability and Plan Fiduciary Net Position are measured. The Total Pension Liability may be projected from the actuarial valuation date to the measurement date. The measurement date must be the same as the reporting date for the plan.

**APPENDIX D – GLOSSARY OF TERMS**

**7. Net Pension Liability**

The liability of employers and nonemployer contributing entities to employees for benefits provided through a defined benefit pension plan. It is calculated as the Total Pension Liability less the Plan Fiduciary Net Position. The Net Pension Liability is not appropriate for assessing the sufficiency of plan assets to cover the estimated cost of settling MCERA's benefit obligations in the event of a plan termination or other similar action. However, it is an appropriate measure for assessing the need for or the amount of future contributions.

**8. Plan Fiduciary Net Position**

The fair or Market Value of Assets.

**9. Reporting Date**

The last day of the plan or employer's fiscal year.

**10. Service Cost**

The portion of the actuarial present value of projected benefit payments that is attributed to the current period of employee service in conformity with the requirements of GASB 67 and 68. The service cost is the normal cost calculated under the Entry Age Actuarial Cost Method.

**11. Total Pension Liability**

The portion of the actuarial present value of projected benefit payments that is attributed to past periods of employee service in conformity with the requirements of GASB 67 and 68. The Total Pension Liability is the Actuarial Liability calculated under the Entry Age Actuarial Cost Method.



**MARIN COUNTY EMPLOYEES'  
RETIREMENT ASSOCIATION**

**REPORTS TO THE BOARD OF RETIREMENT  
AND AUDIT COMMITTEE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**MARIN COUNTY EMPLOYEES'  
RETIREMENT ASSOCIATION**

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**REQUIRED COMMUNICATION TO THE BOARD OF RETIREMENT AND AUDIT  
COMMITTEE IN ACCORDANCE WITH PROFESSIONAL STANDARDS (SAS 114)**

To the Board of Retirement and Audit Committee of  
 Marin County Employees' Retirement Association  
 San Rafael, California

We have audited the basic financial statements, and the schedule of cost sharing employer allocations and the schedule of employer pension amounts allocated by cost sharing plan totals for all entities of the columns titled net pension liability (asset), total deferred outflows of resources, total deferred inflows of resources, and total pension expense excluding that attributable to employer-paid member contributions (specified column totals), referred to as the other information, of the Marin County Employees' Retirement Association (MCERA) for the fiscal year ended June 30, 2022. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our scope of services to you dated July 26, 2022. Professional standards also require that we communicate to you the following information related to our audit.

**Significant Audit Matters**

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by MCERA are described in Note 2, Summary of Significant Accounting Policies, to the financial statements. As described in Note 2 of the financial statements, MCERA adopted Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, during the fiscal year ended June 30, 2022. We noted no transactions entered into by MCERA during the fiscal year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements and other information in the proper period.

Accounting estimates are an integral part of the financial statements and other information prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and other information and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting MCERA's financial statements and other information were:

- Management's estimate of the fair value of investments which was derived by various methods as detailed in the notes to the financial statements. We evaluated the key factors and assumptions used to develop the estimate of the fair value of investments in determining that it is reasonable in relation to the financial statements taken as a whole.
- The contribution amounts and net pension liability (asset) as detailed in notes to the financial statements, which are based on the actuarially-presumed interest rate and assumptions. We evaluated the key factors and assumptions used to develop the estimates of the contribution amounts and net pension liability (asset) in determining that they are reasonable in relation to the financial statements taken as a whole.

## C.2

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- The disclosures for investments in Notes 2, 3, 4, 5, and 6 to the financial statements, Summary of Significant Accounting Policies, Deposits and Investments, Securities Lending, Derivative Financial Instruments, and Real Estate, respectively, were derived from MCERA's investment policy. Management's estimate of the fair value of investments was derived by various methods as detailed in the notes to the financial statements.
- Additionally, the disclosures related to the funding policies, net pension liability (asset), and actuarial methods and assumptions in Note 1, Plan Description; Note 7, Contributions; and Note 9, Net Pension Liability (Asset), were derived from actuarial valuations, which involved estimates of the value of reported amounts and probabilities about the occurrence of events far into the future.

The financial statement disclosures are neutral, consistent, and clear.

### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. None of the uncorrected misstatements detected as a result of audit procedures were material, either individually or in the aggregate, to the financial statements and other information taken as a whole.

### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements and other information or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated December 8, 2022.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to MCERA's basic financial statements and other information or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as MCERA's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### **Other Matters**

We applied certain limited procedures to the Management's Discussion and Analysis, Schedule of Changes in Net Pension Liability (Asset) and Related Ratios, Schedule of Contributions History, Schedule of Investment Returns, and Notes to the Required Supplementary Information, which are Required Supplementary Information (RSI) that supplement the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing

the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during the audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

**Restriction on Use**

This information is intended solely for the use of the Board of Retirement, the Audit Committee, and management of MCERA and is not intended to be, and should not be, used by anyone other than these specified parties.

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

*Brown Armstrong  
Accountancy Corporation*

Bakersfield, California  
December 8, 2022



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Retirement and Audit Committee of  
 Marin County Employees' Retirement Association  
 San Rafael, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements, and the schedule of cost sharing employer allocations and the schedule of employer pension amounts allocated by cost sharing plan totals for all entities of the columns titled net pension liability (asset), total deferred outflows of resources, total deferred inflows of resources, and total pension expense excluding that attributable to employer-paid member contributions (specified column totals), referred to as the other information, of the Marin County Employees' Retirement System (MCERA) as of and for the fiscal year ended June 30, 2022, and the related notes to the basic financial statements, which collectively comprise MCERA's basic financial statements, and have issued our report thereon dated December 8, 2022.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements and other information, we considered MCERA's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements and other information, but not for the purpose of expressing an opinion on the effectiveness of MCERA's internal control. Accordingly, we do not express an opinion on the effectiveness of MCERA's internal control.

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

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

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether MCERA's financial statements and other information are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and agreements, noncompliance with which could have a direct and material effect on the financial statements and other information. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of MCERA's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering MCERA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

A handwritten signature in blue ink that reads "Brown Armstrong Accountancy Corporation". The signature is written in a cursive, flowing style.

Bakersfield, California  
December 8, 2022

**AGREED UPON CONDITIONS REPORT DESIGNED TO INCREASE EFFICIENCY,  
INTERNAL CONTROLS, AND/OR FINANCIAL REPORTING (MANAGEMENT LETTER)**

To the Board of Retirement and Audit Committee of  
 Marin County Employees' Retirement Association  
 San Rafael, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements, and the schedule of cost sharing employer allocations and the schedule of employer pension amounts allocated by cost sharing plan totals for all entities of the columns titled net pension liability (asset), total deferred outflows of resources, total deferred inflows of resources, and total pension expense excluding that attributable to employer-paid member contributions (specified column totals), referred to as the other information, of the Marin County Employees' Retirement System (MCERA), as of and for the fiscal year ended June 30, 2022, and have issued our report thereon dated December 8, 2022. In planning and performing our audit of the financial statements and other information, we considered MCERA's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements and other information, but not for the purpose of expressing an opinion on the effectiveness of the MCERA's internal control. Accordingly, we do not express an opinion on the effectiveness of MCERA's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

During our audit, we became aware of certain matters that represent an opportunity for strengthening internal controls and operating efficiencies. The recommendations listed in this report summarize our comments and suggestions regarding these matters.

## C.2

We will review the status of the comments during our next audit engagement. We have already discussed these comments and suggestions with various MCERA personnel, and we will be pleased to discuss these in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

*Brown Armstrong  
Accountancy Corporation*

Bakersfield, California  
December 8, 2022

### **Current Year Finding and Recommendation**

#### **2022-1 – Contributions Error**

During our testing of pensionable pay items for active participants, we noted one out of the forty active participants selected for testing had incorrect employee contribution amounts manually entered to their account in MCERA's pension administration system (CPAS). Rather than receiving the correctly calculated amounts based on the approved Employee Contribution Rates from MCERA's website for both the Employee Normal and Employee COLA categories, the amount from the Employee COLA category was manually entered into both the "Employee Normal" and Employee COLA" categories, resulting in an error. The overall effect of the error was immaterial, and the error was subsequent correct by the MCERA Benefit's Team.

#### **Recommendation**

We recommend that the MCERA benefits team perform a more detailed review of all manual entries made to a participant's account. An individual that is knowledgeable of the process should be assigned to perform this review before the changes are made live in CPAS.

#### **Management Response**

We thank the auditors for the opportunity to comment on the finding and recommendation regarding the review of the pensionable pay items for active participants with manual entries. MCERA supports continuous improvements and agrees with the auditors' recommendation.

MCERA generally only makes manual adjustments to member records when incorrect information has been reported by an employer and has steps in place for validating these manual adjustments. The item identified by the auditors was an adjustment made to one of more than 30 members due to an employer payroll upload issue. The manual entries were completed to facilitate producing accurate data for the actuary so they can conduct the annual valuation. The files provided to the auditors were the same as actuarial files and did not include the system generated corrections.

#### **2022-2 – Deceased Member Follow Up**

During our testing of deceased members, we noted two out of the ten deceased members selected for testing did not have any subsequent attempts to contact the beneficiary on file after the initial letter was mailed. Follows up is necessary in order to receive the necessary documents from the beneficiary and begin the benefit payment process.

#### **Recommendation**

As any death benefit and applicable continuance payments to a deceased member's beneficiary cannot be processed until the required forms are received from the beneficiary, we recommend that the MCERA benefits team implement and adhere to a formal policy that establishes the procedures and timelines for contacting and following up with beneficiaries going forward.

#### **Management Response**

We thank the auditors for the opportunity to comment on the finding and recommendation regarding the review of the process for payments to deceased members' beneficiaries. MCERA supports continuous improvements and agrees with the auditors' recommendation.

MCERA will evaluate our current process and make appropriate changes that ensure timelines for contacting and following up with beneficiaries are followed.

**2022-3 – Benefit Payment Tax Withholding**

During our testing of retired members, we noted one out of the forty retirees selected for testing had federal taxes withheld from their benefit payments when the member had elected to not have either federal or state taxes withheld from their benefit payments per their Service Retirement Application.

**Recommendation**

As the tax withholdings are elected by the member on their Service Retirement Application, we recommend the MCERA benefits team perform a more detailed review when completing the setup of retiree accounts in CPAS to ensure all elections are entered correctly. An individual that is knowledgeable of the process should be assigned to perform this review before the changes are made live in CPAS.

**Management Response**

We thank the auditors for the opportunity to comment on the finding and recommendation regarding the review of the Benefit Payment Tax Withholding. MCERA supports continuous improvements and agrees with the auditors' recommendation.

MCERA has reviewed its retirement set up review process and implemented additional steps to ensure that all retiree elections are entered and withheld correctly.

**Status of Prior Year Findings and Recommendations**

**2021-1 – Review of the Service Organization Controls (SOC) Reports**

During our follow up of MCERA's controls and due diligence procedures over SOC reports review, we noted MCERA did not complete the collection and review of the SOC reports of its investment managers due to shortage of personnel in the current year.

**Recommendation**

Since a significant amount of the processing of MCERA's investment transactions are performed by the investment managers, it is important that MCERA review the reports on an annual basis. We recommend MCERA formalize the annual review of the SOC reports and document any findings or significant issues to internal control. A responsible individual should be assigned to perform this review as soon as the SOC reports are available.

**Management Response**

We thank the auditors for the opportunity to comment on the finding and recommendation regarding the review of the Service Organization Control (SOC) reports. MCERA supports continuous improvements and agrees with the auditors' recommendation.

MCERA, has developed, documented, and implemented an annual SOC report review process. The process includes identifying and directing staff to review the SOC reports, to maintain an SOC Report Review Log and to report significant SOC report issues to MCERA management.

MCERA believes that a formal SOC report review is the most efficient way of identifying potential control deficiencies early, prompting swift remediation, resulting in enhanced MCERA investment operational controls.

**Current Year Status**

MCERA implemented the annual review of SOC reports during fiscal year 2022.

### **2021-2 – Participant Data**

During our testing of pensionable pay items for active participants, we noted a discrepancy in the total gross salary for one (1) of the forty (40) participants tested. MCERA's pension administration system (CPAS) reflected total gross salary of \$1,173, while the payroll report from the employer reported total gross pay of \$1,219. Upon inquiry with management, it was discovered that the employer incorrectly reported pensionable hours and earnable salary for multiple pay periods since December 2020. This error affected the member's service credit and the final average compensation. The pensionable salary and the contributions were correct except for four (4) of the pay periods.

### **Recommendation**

MCERA indicated this employer was on MCERA's list to perform a review over the reported information. As there was no individual that was close to retirement, the error does not have a current impact. This error would have been corrected prior to any benefit payment to the member. We understand MCERA has contacted the employer to make the corrections and as of the date of this letter, the corrections are still pending. We recommend MCERA continue with its effort to discuss with the employer to ensure the needed corrections are made.

### **Management Response**

We thank the auditors for the opportunity to comment on the finding and recommendation regarding the salary discrepancy noted for one member. MCERA supports continuous improvements and agrees with the auditors' recommendation. MCERA has contacted the employer and will continue to work with them to correct the error and provide overall training and support on reporting accurate information.

### **Current Year Status**

MCERA is now in communication with the employer's governing board to assist in assigning staff to work with MCERA to resolve eligibility and reporting questions and issues. Once the employer has dedicated staff assigned to work with MCERA, we will correct the errors found and provide support for ongoing reporting.

**MARIN COUNTY EMPLOYEES'  
RETIREMENT ASSOCIATION**

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

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2022**



**MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Retirement and Audit Committee of  
 Marin County Employees' Retirement Association  
 San Rafael, California

### Report on the Audit of the Financial Statements

#### ***Opinions***

We have audited the accompanying statement of fiduciary net position of the Marin County Employees' Retirement Association (MCERA), as of June 30, 2022, the related statements of changes in fiduciary net position for the fiscal year then ended, and the related notes to the basic financial statements, which collectively comprise MCERA's basic financial statements as listed in the table of contents. We have also audited the schedule of cost sharing employer allocations and the schedule of employer pension amounts allocated by cost sharing plan totals for all entities of the columns titled net pension liability (asset), total deferred outflows of resources, total deferred inflows of resources, and total pension expense excluding that attributable to employer-paid member contributions (specified column totals), also referred to as other information, as of and for the fiscal year ended June 30, 2022, listed as other information in the table of contents.

In our opinion, the basic financial statements and other information referred to above present fairly, in all material respects, the fiduciary net position of MCERA as of June 30, 2022; the changes in fiduciary net position for the fiscal year then ended; and the schedule of cost sharing employer allocations and the schedule of employer pension amounts allocated by cost sharing plan totals for all entities of the columns titled net pension liability (asset), total deferred outflows of resources, total deferred inflows of resources, and total pension expense excluding that attributable to employer-paid member contributions (specified column totals), as of and for the fiscal year ended June 30, 2022, in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements and Other Information section of our report. We are required to be independent of MCERA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements and Other Information***

Management is responsible for the preparation and fair presentation of these financial statements and other information in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements and other information that are free from material misstatement, whether due to fraud or error.

## C.2

In preparing the financial statements and other information, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about MCERA's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Management is also responsible for maintaining a current plan instrument, including all MCERA plan amendments; administering MCERA; and determining that MCERA's transactions that are presented and disclosed in the financial statements and other information are in conformity with MCERA's plan provisions, including maintaining sufficient records with respect to each of the participants, to determine the benefits due or which may become due to such participants.

### ***Auditor's Responsibilities for the Audit of the Financial Statements and Other Information***

Our objectives are to obtain reasonable assurance about whether the financial statements and other information as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements and other information.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements and other information, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements and other information.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of MCERA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements and other information.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about MCERA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (MD&A) and required supplementary information (RSI), as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the MD&A and RSI in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we

obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

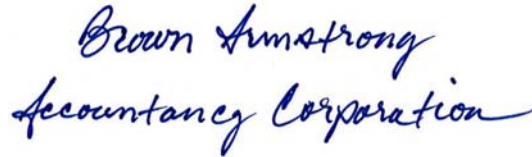
**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2022, on our consideration of MCERA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of MCERA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering MCERA's internal control over financial reporting and compliance.

**Report on Summarized Comparative Information**

We have previously audited MCERA's June 30, 2021, basic financial statements, and our report dated December 6, 2021, expressed an unmodified opinion on those audited basic financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent in all material respects, with the audited basic financial statements from which it has been derived.

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

A handwritten signature in blue ink that reads "Brown Armstrong Accountancy Corporation". The signature is written in a cursive, flowing style.

Bakersfield, California  
December 8, 2022

**MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022**

This Management's Discussion and Analysis (MD&A) of the financial activities of the Marin County Employees' Retirement Association (MCERA or the System) is an overview of its fiscal operations for the fiscal year ended June 30, 2022. Readers are encouraged to consider the information presented in conjunction with the Basic Financial Statements and Notes to the Basic Financial Statements.

MCERA is a public employee retirement system established by the County of Marin on July 1, 1950, and is administered by the Board of Retirement to provide retirement, disability, and death and survivor benefits for its members under the County Employees Retirement Law of 1937 (CERL or 1937 Act) and the Public Employees' Pension Reform Act of 2013 (PEPRA).

**Financial Highlights**

MCERA's fiduciary net position as of June 30, 2022, was \$3,009,879,148. The fiduciary net position is restricted for payment of pension benefits to participants and their beneficiaries and is available to meet MCERA's ongoing obligations.

- Fiduciary net position decreased by \$385,641,138, primarily due to negative investment performance.
- Total additions as reflected in the Statement of Changes in Fiduciary Net Position was a decline of \$203,678,891, which includes employer and employee contributions of \$119,043,543, a net investment loss of \$322,918,120, and net securities lending income of \$195,686.
- Deductions from fiduciary net position increased from \$172,063,641 to \$181,962,247 from the prior year. The increase was mainly due to an increase in retiree pension benefits.
- MCERA's funding objective is to meet long-term benefit obligations through contributions and investment income. As of June 30, 2021, the date of the last actuarial valuation, the funded ratio for all MCERA agencies was 104.5% based on the ratio of market value of assets over actuarial liability. In general, this indicates that for every dollar of benefits due we had approximately \$1.05 of assets available for payment as of that date. The funding ratios of the employer entities included in MCERA were: 106.8% for the County of Marin and Special Districts, 95.8% for the City of San Rafael, and 105.2% for Novato Fire Protection District.

**Overview of the Financial Statements**

This MD&A serves as an introduction to the basic financial statements, which comprise the following components:

- Statement of Fiduciary Net Position
- Statement of Changes in Fiduciary Net Position
- Notes to the Basic Financial Statements

The basic financial statements and the required disclosures are in compliance with the accounting principles and reporting guidelines as set forth by the Governmental Accounting Standards Board (GASB) and are prepared utilizing the accrual basis of accounting.

The Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position report information about MCERA's activities. These statements include all assets and liabilities using the full accrual basis of accounting as practiced by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Investment gains and losses are reported on a trade-date basis and both realized and unrealized gains and losses on investments are shown.

## C.2

The Statement of Fiduciary Net Position is the first basic financial report. This is a snapshot of account balances at fiscal year-end. This statement reflects assets available for future payments to retirees and their beneficiaries and any current liabilities that are owed as of fiscal year-end. The net position restricted for pension benefits, which is the assets less the liabilities, reflects the funds available for future use.

The Statement of Changes in Fiduciary Net Position is the second basic financial report. This report reflects the activities that occurred during the fiscal year and shows the impact of those activities as Additions to or Deductions from the plan.

These two statements report MCERA's net position restricted for pension benefits (net position) – the difference between assets and liabilities – as one way to measure MCERA's financial position. Over time, increases and decreases in MCERA's net position are indicators of whether its financial health is improving or deteriorating. Other factors, such as market conditions, should also be considered in measuring MCERA's overall health.

Both statements are in compliance with standards issued by the GASB. These standards require certain disclosures and also require the state and local governments to report using the full accrual method of accounting. MCERA complies with all material requirements of these standards.

The Notes to the Basic Financial Statements (Notes) are an integral part of the financial reports. The Notes provide detailed discussion of key policies, programs, and activities that occurred during the fiscal year.

In addition to the Basic Financial Statements, this report contains required supplementary information and schedules to illustrate the GASB Statement No. 67 financial reporting requirements. These schedules provide a broad scope of financial information, including a pension liability measurement and changes to the liability, historical contributions, money-weighted investment return, and additional actuarial-related disclosures.

Other Information consists of two schedules pertaining to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*. The two schedules include the Schedule of Cost Sharing Employer Allocations and the Schedule of Employer Pension Amounts Allocated by Cost Sharing Plan. Under GASB Statement No. 68, plan sponsors are required to report Net Pension Liability on their balance sheets and changes in Net Pension Liability on their operating statements as pension expenses, deferred inflows of resources, and deferred outflows of resources.

## Financial Analysis

The reserves needed to finance retirement benefits are accumulated through the collection of employer and employee contributions and through earnings on investments (net of investment expense). Net position restricted for pension benefits as of June 30, 2022, totaled \$3,009,879,148, a decrease of \$385,641,138 from the prior year. MCERA's assets exceeded its liabilities at the end of the fiscal year. Net position restricted for pension benefits represents funds available for future payments. However, of importance is the fact that, unlike private pension funds, public pension funds are not required to report the future liability of obligations owed to retirees in the Statement of Fiduciary Net Position, and only current liabilities are reported. Below is a comparison of current and prior year balances:

	2022	2021	Increase (Decrease) 2022/2021
Investments at fair value	\$ 2,903,106,791	\$ 3,288,944,227	\$ (385,837,436)
Cash and cash equivalents	105,664,961	106,826,520	(1,161,559)
Capital assets (net of accumulated depreciation)	7,777,799	7,083,908	693,891
Cash collateral held for securities loaned	91,684,215	35,601,032	56,083,183
Receivables and other assets	22,209,455	18,610,737	3,598,718
Total assets	3,130,443,221	3,457,066,424	(326,623,203)
Total liabilities	120,564,073	61,546,138	59,017,935
<b>Net position restricted for pension benefits</b>	<b>\$ 3,009,879,148</b>	<b>\$ 3,395,520,286</b>	<b>\$ (385,641,138)</b>

In order to determine whether the net position restricted for pension benefits will be sufficient to meet future obligations, the actuarial funded status must be calculated. An actuarial valuation is similar to an inventory process. On the valuation date, the assets available for the payment of retirement benefits are appraised. These assets are compared with the actuarial liabilities, which are the actuarial present value of all future benefits expected to be paid for each member. The purpose of the valuation is to determine what future contributions by the members and the employers are needed to pay all expected future benefits.

MCERA's independent actuary, Cheiron, performed an actuarial valuation as of June 30, 2021, and determined that the funded ratio of the actuarial value of assets to the actuarial liability is 104.5%. The actuarial valuation as of June 30, 2020, determined the funded ratio to be 84.0%.

## Additions to Fiduciary Net Position

There are three primary sources of funding for MCERA retirement benefits: earnings (losses) on investments of assets and employer and employee contributions. Income sources for the fiscal years ending June 30, 2022 and 2021, totaled \$(203,678,891) and \$942,269,062, respectively.

	2022	2021	Increase (Decrease) 2022/2021
Employer contributions	\$ 85,165,422	\$ 80,359,731	\$ 4,805,691
Plan member contributions	33,878,121	32,019,007	1,859,114
Total net investment income (loss)	(322,722,434)	829,890,324	\$(1,152,612,758)
<b>Total additions</b>	<b>\$ (203,678,891)</b>	<b>\$ 942,269,062</b>	<b>\$(1,145,947,953)</b>

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### Deductions from Fiduciary Net Position

MCERA was created to provide lifetime retirement annuities, survivor benefits, and permanent disability benefits to qualified members and their beneficiaries. The cost of such programs includes recurring benefit payments, as designated by the plan; refund of contributions to terminated employees; and the cost of administering the system. Below is a comparison of selected current and prior year balances:

	2022	2021	Increase (Decrease) 2022/2021
Retirement benefits	\$ 174,758,842	\$ 166,139,520	\$ 8,619,322
Refund of contributions	2,242,861	1,540,282	702,579
Administrative expenses	4,254,848	3,572,267	682,581
Legal expenses	240,829	341,721	(100,892)
Computer expenses	285,250	279,871	5,379
Actuarial expenses	179,617	189,980	(10,363)
<b>Total deductions</b>	<b>\$ 181,962,247</b>	<b>\$ 172,063,641</b>	<b>\$ 9,898,606</b>

### Change in Fiduciary Net Position

The change in fiduciary net position during the reporting period was the net effect of factors that either added to or deducted from the fiduciary net position. Below is a summary of the change in fiduciary net position during the current year, as compared to prior year:

	2022	2021	Increase (Decrease) 2022/2021
Total Additions	\$ (203,678,891)	\$ 942,269,062	\$ (1,145,947,953)
Total Deductions	181,962,247	172,063,641	9,898,606
Change in Fiduciary Net Position	(385,641,138)	770,205,421	(1,155,846,559)
Beginning of Year	3,395,520,286	2,625,314,865	770,205,421
<b>End of Year</b>	<b>\$ 3,009,879,148</b>	<b>\$ 3,395,520,286</b>	<b>\$ (385,641,138)</b>



## Reserves

MCERA's reserves are established in accordance with the requirements of the 1937 Act, utilizing contributions and the accumulation of investment income after satisfying administrative and investment expenses. Under GASB Statement No. 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25*, investments are stated at fair value instead of cost and include the recognition of unrealized gains and losses.

	2022	2021
Employee reserve	\$ 423,364,135	\$ 400,038,995
Employer reserve	447,468,229	407,961,885
Retiree reserves	2,199,530,926	2,125,124,151
Contingency reserve	25,245,694	33,955,203
<b>Total reserves - restricted</b>	<b>3,095,608,984</b>	<b>2,967,080,234</b>
Unrestricted reserve	(48,181,136)	428,440,052
Contra - Interest crediting	(37,548,700)	—
<b>Total reserves - unrestricted</b>	<b>(85,729,836)</b>	<b>428,440,052</b>
<b>Total Net Position Restricted for Pension Benefits</b>	<b>\$ 3,009,879,148</b>	<b>\$ 3,395,520,286</b>

## The Retirement Fund as a Whole

MCERA's management believes that the funding policy adopted by the Board of Retirement, as reflected in the annual actuarial valuation, is reasonable and allows the System to meet its obligations to retirees, beneficiaries, and active members. The current financial position is a result of prudent economic and demographic assumptions, diversified investments, sufficient oversight to manage risk and minimize loss, an effective system of cost control, and strategic planning.

## Requests for Information

This financial report is designed to provide the Board of Retirement, our membership, taxpayers, and investment managers with a general overview of MCERA finances and to demonstrate MCERA's accountability for the funds under its stewardship.

Please address any questions about this report or requests for additional financial information to:

Marin County Employees' Retirement Association  
One McInnis Parkway, Suite 100  
San Rafael, California 94903-2764

Copies of this report are available at the above address and on MCERA's website at [www.mcera.org](http://www.mcera.org).

Respectfully submitted,



Anya Bakerink  
Chief Financial Officer

**BASIC FINANCIAL STATEMENTS**

**MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**AS OF JUNE 30, 2022**  
**(WITH COMPARATIVE TOTALS)**

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
<b>Assets</b>		
Cash and short-term investments		
Cash and cash equivalents	\$ 105,664,961	\$ 106,826,520
Cash collateral on loaned securities	91,684,215	35,601,032
	<hr/>	<hr/>
Total Cash and Short-Term Investments	197,349,176	142,427,552
Receivables		
Contributions	6,290,667	5,281,118
Interest and dividends	4,506,274	3,091,284
Due from brokers for securities sold	9,621,715	7,818,052
Other receivables	1,527,450	2,243,007
	<hr/>	<hr/>
Total Receivables	21,946,106	18,433,461
Investments at fair value		
Domestic fixed income	533,045,310	494,083,206
International fixed income	69,142,524	70,297,645
Domestic equities	820,416,009	1,067,027,753
International equities	554,453,464	727,552,625
Private equity	381,189,873	444,009,053
Opportunistic	52,423,309	29,941,119
Real estate equity	325,912,457	294,538,314
Real assets	166,523,845	161,494,512
	<hr/>	<hr/>
Total Investments at Fair Value	2,903,106,791	3,288,944,227
Capital assets (net of accumulated depreciation)	7,777,799	7,083,908
Prepaid insurance	263,349	177,276
	<hr/>	<hr/>
Total Assets	3,130,443,221	3,457,066,424
	<hr/>	<hr/>
<b>Liabilities</b>		
Accounts payable and accrued expenses	1,554,586	649,350
Due to brokers for securities purchased	27,325,272	25,295,756
Obligations under securities lending program	91,684,215	35,601,032
	<hr/>	<hr/>
Total Liabilities	120,564,073	61,546,138
	<hr/>	<hr/>
<b>Net Position Restricted for Pension Benefits</b>	<b>\$ 3,009,879,148</b>	<b>\$ 3,395,520,286</b>
	<hr/>	<hr/>

The accompanying notes are an integral part of these financial statements.

**MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(WITH COMPARATIVE TOTALS)**

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
<b>Additions</b>		
Contributions		
Employer	\$ 85,165,422	\$ 80,359,731
Plan member	33,878,121	32,019,007
Total Contributions	<u>119,043,543</u>	<u>112,378,738</u>
Investment income (loss)		
Net appreciation (depreciation) in fair value of investments	(358,258,105)	804,922,444
Interest and dividends	44,325,603	28,817,679
Real estate operating income, net	162,101	7,966,024
Other investment income	1,148,999	2,005,283
Total investment income (loss)	<u>(312,621,402)</u>	<u>843,711,430</u>
Investment expenses	<u>(10,296,718)</u>	<u>(13,967,090)</u>
Net Investment Income (Loss)	<u>(322,918,120)</u>	<u>829,744,340</u>
Securities lending activities		
Securities lending income	279,336	208,902
Less expenses from securities lending activities	<u>(83,650)</u>	<u>(62,918)</u>
Net Securities Lending Activities	<u>195,686</u>	<u>145,984</u>
Total Net Investment Income (Loss)	<u>(322,722,434)</u>	<u>829,890,324</u>
Total Additions (Declines)	<u>(203,678,891)</u>	<u>942,269,062</u>
<b>Deductions</b>		
Benefits	174,758,842	166,139,520
Refunds	2,242,861	1,540,282
Administrative expenses	4,254,848	3,572,267
Legal expenses	240,829	341,721
Computer expenses	285,250	279,871
Actuarial expenses	179,617	189,980
Total Deductions	<u>181,962,247</u>	<u>172,063,641</u>
Change in Fiduciary Net Position	(385,641,138)	770,205,421
<b>Net Position Restricted for Pension Benefits, Beginning of Year</b>	<u>3,395,520,286</u>	<u>2,625,314,865</u>
<b>Net Position Restricted for Pension Benefits, End of Year</b>	<u><u>\$ 3,009,879,148</u></u>	<u><u>\$ 3,395,520,286</u></u>

The accompanying notes are an integral part of these financial statements.

**MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 1 – PLAN DESCRIPTION**

The Marin County Employees' Retirement Association (MCERA) was established on July 1, 1950. It is governed by the California Constitution; the County Employees Retirement Law of 1937 (CERL or 1937 Act, Government Code Section 31450 et seq.); the Public Employees' Pension Reform Act of 2013 (PEPRA, Government Code Section 7522); the provisions of California Government Code Section 7500 et seq.; and the bylaws, procedures, and policies adopted by MCERA's Board of Retirement. The Marin County Board of Supervisors may also adopt resolutions, as permitted by the CERL and PEPRA, which may affect the benefits of MCERA members. MCERA operates as a cost sharing multiple employer defined benefit pension plan for the County of Marin (the County) and eight other participating employers: City of San Rafael, Local Agency Formation Commission (LAFCO), Marin City Community Services District (Marin CSD), Marin County Superior Court (Superior Court), Marin/Sonoma Mosquito and Vector Control District (Mosquito District), Novato Fire Protection District (Novato Fire), Southern Marin Fire Protection District (Southern Marin Fire), and Tamalpais Community Services District (Tamalpais CSD).

**Administration**

The Board of Retirement is responsible for the general administration and management of the retirement association. All Board of Retirement members, except the County Director of Finance, serve for a term of three years. By statute, Board of Retirement members include the following:

- The Director of Finance of the County (ex-officio).
- Four members who are qualified electors of the County and not connected with County government in any capacity, except that one may be a County Supervisor. The Board of Supervisors appoints these members.
- Two General members of MCERA elected by the General membership.
- One Safety member and one Safety member alternate elected by the Safety membership.
- One retired member and one retired member alternate elected by the retired membership.

**Membership**

MCERA provides retirement, disability, and death benefits to its general and safety members. Safety membership primarily includes law enforcement and firefighters of MCERA, as well as other classifications as allowed under the CERL and adopted by the employer. General membership is applicable to all other occupational classifications. The retirement benefits within the plan are tiered based on the participating employer and the date of the member's entry into MCERA membership. Additional information regarding the benefit structure is available by contacting MCERA. Membership data as of the current actuarial valuation report (fiscal year ending June 30, 2021):

	<b>2021</b>
Active Members (Vested and Non-Vested)	2,682
Retired Members and Beneficiaries	3,592
Terminated Vested (Deferred)	763
<b>Total Membership</b>	<b>7,037</b>

**NOTE 1 – PLAN DESCRIPTION** (Continued)**Benefit Provisions***Vesting*

Members become vested in retirement benefits upon completion of five years of credited service.

*Service Retirement*

MCERA's regular (service) retirement benefits are based on the years of credited service, final average compensation, and age at retirement, according to the applicable statutory formula. Members who qualify for service retirement are entitled to receive monthly retirement benefits for life.

General County members hired after July 1, 2008, Court members hired after January 1, 2009, and City of San Rafael members hired after July 1, 2011, are eligible to retire at age 55 if they have earned 10 years of credited service, unless they are "new members" as defined by PEPR (hereinafter "PEPR members"). All other General and Safety members, except PEPR members, are eligible to retire at age 50 if they have earned 10 years of credited service. Unless they are PEPR members, General members can retire at any age with 30 years of service and Safety members can retire at any age with 20 years of service. PEPR members who are Safety members are eligible to retire after five years of service upon reaching 50 years of age. PEPR members who are General members are eligible to retire after five years of service upon reaching 52 years of age. All members can retire at age 70 with no service requirement.

*Death Benefits*

MCERA provides specified death benefits to beneficiaries and members' survivors. The death benefits provided depend on whether the member is active or retired.

The basic active member death benefit consists of a member's retirement contributions plus interest plus one month's pay for each full year of service (up to a maximum of six months pay). Retiring members may choose from five retirement benefit payment options. Most retirees elect to receive the unmodified allowance which provides the maximum benefit to the retiree and a continuance of 60% of the retiree's allowance to the surviving spouse or registered domestic partner after the retiree's death. Other death benefits may be available based on the years of service, marital status, and whether the member has minor children.

*Disability Retirement*

A member with five years of service, regardless of age, who becomes permanently incapacitated for the performance of duty is eligible to apply for a nonservice-connected disability retirement. Any member who becomes permanently incapacitated for the performance of duty as a result of injury or disease arising out of and in the course of employment is eligible to apply for a service-connected disability retirement, regardless of service length or age.

*Cost of Living Adjustment*

Retirement allowances are indexed for inflation. Most retirees receive automatic basic cost of living adjustments (COLAs) based upon the Urban Consumer Price Index (UCPI) for the San Francisco Bay Area. These adjustments go into effect on April 1 each year. Annual COLA increases are statutorily capped at 2%, 3%, or 4% depending upon the member's retirement tier. When the UCPI exceeds the maximum statutory COLA for the member's tier, the difference is accumulated for use in future years when the UCPI is less than the maximum statutory COLA. The accumulated percentage carryover is known as the COLA Bank.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****Reporting Entity**

MCERA, with its own governing board, is an independent governmental entity separate and distinct from the County. Actuarially determined financial data for MCERA is included in the County's annual financial report in the "Notes to Financial Statements" section.

**Basis of Accounting**

MCERA follows the accounting principles and reporting guidelines as set forth by the Governmental Accounting Standards Board (GASB). The financial statements are prepared on an accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. This basis of accounting recognizes income when earned and expenses when the obligation is incurred. Member and employer contributions are recognized when due, pursuant to formal commitments as well as statutory or contractual requirements. Investment income is recognized as revenue when earned. Retirement benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Other expenses are recognized when the corresponding liabilities are incurred. The net appreciation (depreciation) in fair value of investments consists of realized and unrealized gains and losses on those investments.

**Administrative Expenses**

MCERA's administrative costs are financed from investment income and are calculated pursuant to Government Code Section 31580.2 which provides that the administrative expenses incurred in any year may not exceed the greater of either 0.21% of the actuarial accrued liability of the system, or \$2,000,000, as adjusted annually by the amount of the annual COLA computed in accordance with Article 16.5. Expenses for computer software, computer hardware, and computer technology consulting services in support of these computer products shall not be considered a cost of administration of MCERA.

For the fiscal year ended June 30, 2022, administrative expenses were \$4,254,848, or 0.13% of the actuarial accrued liability as of June 30, 2020.

**Cash and Cash Equivalents**

Cash equivalents include deposits in MCERA's custodian bank, a financial institution, and pooled cash with the County Treasurer. Pooled cash is reported at amortized cost, which approximates fair value. Income on pooled cash is allocated on MCERA's average daily balance in relation to total pooled assets. Short-term investments with the custodian bank include foreign currencies, cash held in short-term investment funds, and other short-term, highly liquid investments. Short-term investments considered cash equivalents are recorded at cost, which approximates fair value.

**Receivables**

Receivables consist primarily of interest, dividends, investments in transition (i.e., traded but not yet settled), and contributions owed by the employing entities as of June 30, 2022.

**Methods Used to Value Investments**

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. MCERA management uses information provided by the investment managers and the custodian bank to determine fair value.

GASB establishes a fair value hierarchy based on the following three distinct types of input to develop the fair value measurements.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)**Methods Used to Value Investments** (Continued)

- **Level 1** reflects measurements based on quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- **Level 2** reflects measurements based on inputs, other than quoted prices, that are observable for an asset or a liability either directly or indirectly.
- **Level 3** reflects measurements based on unobservable inputs for an asset or a liability.

Fixed income securities, real estate investment trusts (REITs), common and preferred stocks, and derivatives are valued based on published market prices and quotations from national security exchanges and securities pricing services. Real estate investment funds are valued using periodic independent appraisals or internal valuation techniques, including discounted cash flows, sales comparisons, and cost approaches. Investments that are not traded on national exchanges or do not have pricing services (such as private equity funds) are valued based on fund share price or percentage of ownership as determined by the fund manager or general partner in accordance with the valuation methodology outlined in the partnership agreement.

**Investment Concentrations**

As of June 30, 2022, MCERA does not hold a concentration of investments in any one entity that represents five percent or more of the total investment portfolio or the fiduciary net position. Investments issued or explicitly guaranteed by the U.S. government and pooled investments are excluded from this requirement.

**Asset Allocation Policy and Expected Long-Term Rate of Return by Asset Class**

The Board of Retirement has adopted an Investment Policy Statement (IPS), which provides the framework for the management of MCERA's investments. The IPS establishes MCERA's investment objectives and defines the principal duties of the Board of Retirement, the custodian bank, and the investment managers. The asset allocation plan is an integral part of the IPS and is designed to provide an optimum and diversified mix of asset classes with return expectations to satisfy expected liabilities while minimizing risk exposure. MCERA currently employs external investment managers to manage its assets subject to the provisions of the policy. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the plan.

**Capital Assets**

Capital assets are valued at historical cost less accumulated depreciation. Capital assets with an initial cost of more than \$5,000 and an estimated useful life in excess of one year are depreciated. Depreciation is calculated using the straight-line method over the estimated useful lives of the depreciable assets. Equipment has a useful life of five years, leasehold improvements and office space forty years, and twelve years for the benefit administration system.

MCERA signed an agreement on July 2, 2007, for the purchase of a building located at One McInnis Parkway, San Rafael, California 94903. The final purchase price for the building was \$17,300,000 and was finalized in October 2007. MCERA occupied the building on November 14, 2008. MCERA occupies 33% of the building and leases the other 67%. Therefore, the portion of the building occupied by MCERA was capitalized and is being depreciated over its useful life. The remaining 67% will be treated as an investment and, accordingly, marked to market value in addition to recognizing any earned income and expenses incurred. As of June 30, 2022, the capitalized portion of the building was \$7,113,001 and computers and equipment were \$664,798 net of accumulated depreciation.



**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)**Other Post-Employment Benefits to Retirees**

The County of Marin and special districts provide Other Post-Employment Benefits (OPEB) to retirees. Medical premiums are reimbursed to each retired employee who qualifies for one of the County's Benefit Plan Subsidies. Medicare premiums are also reimbursed to each retired employee who is covered under Medicare Part B and qualifies for one of the County's Benefit Plan Subsidies.

The Plan does not determine eligibility and does not negotiate for healthcare benefits or the Benefit Plan Subsidies, but acts solely as a conduit, which deducts premiums from benefit payments and applies the subsidies. The amount of subsidies applied for payment of medical premiums is billed to the County. Benefit eligibility, coverage and premium cost negotiations are the responsibility of the employer. As such, GASB Statement No. 74 does not apply.

**Income Taxes**

The plan qualifies under Section 401(a) of the Internal Revenue Code. No provision for income taxes has been made in the accompanying financial statements, as the plan is exempt from federal and state income taxes under the provisions of Internal Revenue Code Section 501 and California Revenue and Taxation Code Section 23701, respectively.

**Use of Estimates**

The preparation of MCERA's financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

**Implementation of Accounting Standards**

In June 2017, GASB issued Statement No. 87, *Leases*, which establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This statement improves accounting and financial reporting for leases by governments by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The requirements of this statement were initially effective for MCERA's financial statements for the fiscal year ending June 30, 2021. However, in light of the COVID-19 pandemic, GASB postponed the implementation of this statement by one year of its effective date. GASB Statement No. 87, *Leases*, was implemented in the current fiscal year.

This pronouncement did not significantly impact MCERA during the current fiscal year. Management will continue to evaluate lease agreements for future periods.

**NOTE 3 – DEPOSITS AND INVESTMENTS**

The CERL gives the Board of Retirement exclusive control over MCERA's investment portfolio. Except as otherwise expressly restricted by the California Constitution or other laws, the CERL allows the Board of Retirement to prudently invest, or delegate the authority to invest, the investment portfolio through the purchase, holding, or sale of any form or type of investment, financial instrument, or financial transaction.

Moreover, the CERL requires the Board of Retirement, its officers, and employees to discharge their duties with respect to MCERA and the investment portfolio under the following rules:

- "The members of the retirement board shall discharge their duties with respect to the system solely in the interest of, and for the exclusive purposes of providing benefits to, participants and their beneficiaries, minimizing employer contributions thereto, and defraying reasonable expenses of administering the system.

**NOTE 3 – DEPOSITS AND INVESTMENTS** (Continued)

- The members of the retirement board shall discharge their duties with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims.
- The members of the retirement board shall diversify the investments of the system to minimize the risk of loss and to maximize the rate of return, unless under the circumstances it is clearly not prudent to do so.”

**Deposits**

MCERA maintains cash deposits to support its investment activities and operational needs. Cash and cash equivalents are carried at cost plus accrued interest, which approximates fair value. As of June 30, 2022, \$50.1 million was held with outside financial institutions and \$55.5 million was held by MCERA’s master custodian, State Street. Substantially all of the cash held by State Street is swept daily into collective short-term investment funds.

*Custodial Credit Risk – Deposits*

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the plan would not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Deposits are exposed to custodial credit risk if they are not insured or not collateralized. MCERA’s deposits are covered by depository insurance or are collateralized by securities held with a financial institution in MCERA’s name. The plan is only exposed to custodial credit risk for uncollateralized cash and cash equivalents that are not covered by federal depository insurance. As of June 30, 2022, MCERA had no exposure to custodial credit risk for deposits.

**Investments***Credit Risk*

Credit risk is the risk that an issuer or other counterparty to a debt instrument will not fulfill its obligations. This risk is measured by the assignment of ratings by nationally recognized statistical rating organizations. MCERA has adopted policies specific to each investment manager to manage credit risk. In general, fixed income securities should be well diversified to avoid undue exposure to any single economic sector, industry, or individual security. The credit risk ratings of MCERA’s fixed income investments as of June 30, 2022, as rated by Standard & Poor’s, are listed below (all dollars in thousands). The credit risk schedule excludes the \$147.7 million commingled global bond fund, which is included in the fixed income category on the Statement of Fiduciary Net Position.

<b>Rating Category</b>	<b>Fair Value</b>
AAA	\$ 16,437
AA	13,497
A	76,042
BBB	136,435
BB	29,786
B	5,738
CCC	996
CC	95
Agencies	17,775
U.S. Treasuries	16,390
No Rating	141,299
<b>Total</b>	<b>\$ 454,490</b>

**NOTE 3 – DEPOSITS AND INVESTMENTS** (Continued)**Investments** (Continued)*Custodial Credit Risk – Investments*

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the plan will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in MCERA's name, and are held by the counterparty. MCERA's investment securities in general are not exposed to custodial credit risk because MCERA's securities are held by MCERA's custodial bank in MCERA's name; however, MCERA participates in securities lending transactions, as lender, and the securities loaned in those circumstances are exposed to some degree of custodial credit risk. MCERA has no general policy on custodial credit risk for investments; however, MCERA does require that its custodian maintain insurance to help protect against losses due to negligence, theft, and certain other events.

*Concentration of Credit Risk*

Concentration of credit risk is the risk of loss attributed to the concentration of the plan's investment in a single issuer. MCERA's investment policy limits exposure to any single investment manager or product. As of June 30, 2022, MCERA did not hold any investments in any one issuer that would represent five percent or more of total investments. Investments issued or explicitly guaranteed by the U.S. government and pooled investments are excluded from the policy requirement.

*Interest Rate Risk*

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Duration is a measure of the price sensitivity of a fixed income portfolio to changes in interest rates. It is calculated as the weighted average time to receive a bond's coupon and principal payments. The longer the duration of a portfolio, the greater its price sensitivity to changes in interest rates.

Interest rate risk is managed through MCERA's investment policy and investment guidelines, which require the effective duration of individual fixed income portfolios to remain within a defined range (75% to 125%) of the appropriate benchmark. The primary benchmarks for domestic and global fixed income portfolios are the Barclays Aggregate Bond Index, the Barclays Intermediate Credit Index, and the Citigroup World Government Bond Index. The interest rate risk schedule presents the weighted average duration of fixed income securities by investment category as of June 30, 2022. This schedule excludes the \$147.7 million commingled global bond fund, which is included in the fixed income category on the Statement of Fiduciary Net Position.

June 30, 2022 (all dollars in thousands):

<b>Investment Type</b>	<b>Fair Value</b>	<b>Weighted Average Duration (in Years)</b>
Mortgage and Asset-Backed	\$ 48,390	1.00
Corporate Bonds	251,832	5.15
U.S. Government Agency Securities	17,775	5.97
Government Issues	32,911	13.36
Municipal Obligations	5,825	6.49
Commingled Bond Investments	4,868	0.02
<b>Total</b>	<b>\$361,601</b>	
Other Bonds – No Duration	\$ 92,889	
<b>Total</b>	<b>\$454,490</b>	

**NOTE 3 – DEPOSITS AND INVESTMENTS** (Continued)**Investments** (Continued)*Foreign Currency Risk*

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. MCERA invests, through its investment managers, in forward currency contracts and currency futures contracts (maturity ranging from at least 30 days and not to exceed one year for either instrument). Any financial results attributable to net currency gains or losses are included in the investment results for MCERA's appropriate asset class and are not reported separately. MCERA has no general investment policy with respect to foreign currency risk.

Forward currency contracts typically range from one to six months and are used to hedge against adverse movement in currency exchange rates and to facilitate settlement of transactions in foreign securities.

Futures currency contracts are used to hedge against a possible increase in the price of currency. Futures contracts are classified by category of underlying instrument such as equity, fixed income, commodity, or cash equivalent.

Although risk exists with respect to foreign currency denominated assets held in commingled vehicles, MCERA's direct foreign currency risk is minimal. The following table presents a summary of securities with non-U.S. Dollars (non-USD) base currencies as of June 30, 2022 (all dollars in thousands):

Base Currency or Country	Base Currency Code	Fair Value in U.S. Dollars
Euro	EUR	\$ 6,683
Mexican Peso	MXN	809
<b>Total Non-USD Securities</b>		<b>\$ 7,492</b>

*Rate of Return*

For the fiscal year ended June 30, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (9.4)%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

*Fair Value Measurements*

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. GASB Statement No. 72 (GASB 72), *Fair Value Measurement and Application*, was issued to address accounting and financial reporting issues related to fair value measurement. MCERA follows GASB 72. The standard establishes a fair value hierarchy based on three types of inputs that measure the fair value of investments.

- *Level 1:* Reflects quoted prices (unadjusted) for identical assets or liabilities in active markets;
- *Level 2:* Reflects prices that are based on similar observable inputs other than quoted market prices; and
- *Level 3:* Reflects prices that are based on unobservable sources.

Inputs used to measure fair value might fall in different levels of the fair value hierarchy, in which case MCERA defaults to the lowest level input that is significant to the fair value measurement in its entirety. In determining the appropriate levels, a detailed analysis was performed of the assets and liabilities that are subject to GASB 72.

**NOTE 3 – DEPOSITS AND INVESTMENTS** (Continued)**Investments** (Continued)*Fair Value Measurements* (Continued)

At June 30, 2022, MCERA had the following fair value measurements:

Investments by Fair Value Level	Total	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs
		Level 1	Level 2	Level 3
Debt Securities				
Mortgage and Asset-Backed	\$ 48,389,766	\$ —	\$ 48,389,766	\$ —
Corporate Bonds	251,831,984	—	251,831,984	—
U.S. Government Agency Securities	17,775,129	—	17,775,129	—
Government Issues	32,911,327	—	32,911,327	—
Municipal Obligations	5,824,779	—	5,824,779	—
Commingled Bond Investments	245,454,847	—	245,454,847	—
Total Debt Securities	\$ 602,187,832	\$ —	\$ 602,187,832	\$ —
Equity Securities				
Common Stock	\$ 843,274,599	\$ 843,274,599	\$ —	\$ —
Preferred Stock	224,592	134,829	89,763	—
Mutual Funds and Commingled Investments	531,370,282	356,940,580	174,429,702	—
Total Equity Securities	\$1,374,869,473	\$1,200,350,008	\$ 174,519,465	\$ —
Other Assets				
Private Real Estate - Commingled Investments	\$ 307,812,467	\$ —	\$ 54,714,683	\$ 253,097,784
Private Real Estate - Direct Ownership	18,099,990	—	—	18,099,990
Public Real Assets - Mutual Funds and Commingled Investments	166,523,844	52,449,775	114,074,069	—
Securities Lending Cash Collateral	91,684,215	—	91,684,215	—
Total Other Assets	\$ 584,120,516	\$ 52,449,775	\$ 260,472,967	\$ 271,197,774
Total Investments by Fair Value Level	\$2,561,177,821	\$1,252,799,783	\$1,037,180,264	\$ 271,197,774
Investments Measured at Net Asset Value (NAV)				
Private Equity Funds	\$ 381,189,877			
Opportunistic Funds	52,423,308			
Total NAV Investments	\$ 433,613,185			
Total Investments	\$2,994,791,006			
Investments in Derivative Instruments (all dollars in thousands)				
Forwards	\$ (86)	\$ (86)	\$ —	\$ —
Futures	(2,016)	(2,016)	—	—
Swaps	(3)	—	(3)	—
Total Derivatives	\$ (2,105)	\$ (2,102)	\$ (3)	\$ —

**NOTE 3 – DEPOSITS AND INVESTMENTS** (Continued)**Investments** (Continued)*Fair Value Measurements* (Continued)

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. Debt and equity securities classified in Level 2 of the fair value hierarchy are valued using the following approaches:

- U.S. Treasuries, U.S. Agencies, and Commercial Paper: quoted prices for identical securities in markets that are not active;
- Corporate and Municipal Bonds: quoted prices for similar securities in active markets;
- Repurchase Agreements, Negotiable Certificates of Deposit, and Collateralized Debt Obligations: matrix pricing based on the securities' relationship to benchmark quoted prices;
- Money Market, Bond, and Equity Mutual Funds: published fair value per share (unit) for each fund; and
- Commingled and High-Yield Equity Investments: valued using matrix pricing techniques or quoted prices for similar securities in active markets.

Public real assets classified in Level 1 are valued using prices quoted in active markets for those securities. Public real assets and private real estate classified in Level 2 are commingled (collective) investment funds that are valued using matrix pricing techniques maintained by the various pricing vendors for those securities. Derivative instruments classified in Level 1 are valued directly from a predetermined primary external pricing vendor. Derivative instruments classified in Level 2 are valued using a market approach that considers benchmark interest rates and foreign exchange rates. Real estate investments classified in Level 3 are valued using periodic independent appraisals or internal valuation techniques, including discounted cash flows, sales comparisons, and cost approaches.

Investments measured at net asset value (NAV) are considered "alternative investments." Alternative investments are those for which exchange quotations are not readily available and are valued at the estimated fair value based on fund share price or percentage of ownership, as determined by the investment manager or general partner. The following table presents the redemption frequency (if currently eligible) and the redemption notice period for MCERA's alternative investments measured at NAV:

	Fair Value at June 30, 2022	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Private Equity Funds <sup>(1)</sup>	\$381,189,877	\$ 65,361,631	N/A	N/A
Opportunistic Funds <sup>(2)</sup>	\$ 52,423,308	\$ 48,669,782	N/A	N/A

- (1) Private Equity Funds:** MCERA's private equity portfolio is composed of eight funds investing primarily in buyout funds, venture capital, and special debt situations. The fair values of these funds have been determined using audited financial statements or estimates of NAV from the prior quarter plus current quarter cash flows. The funds are not eligible for redemption. At the end of the life of a private equity fund, remaining investments are liquidated, and proceeds are distributed. Limited extensions to the fund term are possible and are usually two years at the discretion of the General Partner and then longer if a majority of investors wish it.

**NOTE 3 – DEPOSITS AND INVESTMENTS** (Continued)**Investments** (Continued)*Fair Value Measurements* (Continued)

(2) **Opportunistic Funds:** MCERA's Opportunistic portfolio is comprised of three funds. The funds are illiquid limited partnerships and are valued at net asset value on a quarterly basis. Due to contractual limitations, the funds are not eligible for redemption but rather distribute capital proceeds over the funds' lifespans. Opportunistic investments are private closed end vehicles seeking investment opportunities resulting from market disruption within the credit and debt markets. All three funds were committed in September 2020 and typically have a lifespan of six to ten years.

**NOTE 4 – SECURITIES LENDING**

Under provisions of state statutes, the MCERA Board of Retirement permits MCERA to participate in a securities lending program whereby securities are transferred to independent broker-dealers and other entities for collateral with a simultaneous agreement to return the collateral for the same securities plus a fee in the future. MCERA's custodial bank, State Street, is the agent for its securities lending program. State Street is authorized to lend U.S. government obligations, U.S. bonds and equities, and international bonds and equities that are being held in custody to various borrowers such as banks and brokers. All securities loans can be terminated on demand by either the lender or the borrower.

U.S. securities are loaned versus collateral valued at 102% of the fair value of the securities plus any accrued interest. Non-U.S. securities are loaned versus collateral valued at 105% of the fair value of the securities plus any accrued interest. Mark-to-market is performed every business day subject to de minimis rules of change in value, and the borrower is required to deliver additional collateral when necessary so that the total collateral held by the agent will be at least equal to the fair value of the borrowed securities. Collateral received may include cash, any other assets permissible under Rule 15c3-3 under the Exchange Act of 1934, U.S. and non-U.S. equities, and such other collateral as the parties may agree to in writing from time to time. Cash collateral is invested in a short-term investment pool. Non-cash collateral cannot be pledged or sold unless the borrower defaults. The following represents the balances relating to the securities lending transactions at June 30, 2022:

<b>Securities Lent</b>	<b>Fair Value of Underlying Securities</b>	<b>Cash Collateral Investment Value</b>
<b>Lent for Cash Collateral</b>		
U.S. government and agency securities	\$ 1,140,825	\$ 1,158,169
Domestic equities and corporate fixed-income securities	87,867,564	90,526,046
<b>Total Lent for Cash Collateral</b>	<b>\$ 89,008,389</b>	<b>\$ 91,684,215</b>

MCERA and the borrowers maintained the right to terminate securities lending transactions upon notice. The cash collateral received on each loan was invested, together with the cash collateral of other qualified tax-exempt plan lenders, in a collective investment fund comprised of a liquidity pool. As of June 30, 2022, the liquidity pool had an average duration of 3.9 days and an average weighted final maturity of 76.56 days for USD collateral. Because the securities lending transactions were terminable at will, their duration did not generally match the duration of the investments made with the cash collateral received from the borrower. On June 30, 2022, MCERA had no credit risk exposure to borrowers.

**NOTE 5 – DERIVATIVE FINANCIAL INSTRUMENTS**

Under the terms of the MCERA's IPS and investment guidelines, investment managers are permitted to use derivative instruments to implement market decisions and to control portfolio risk. Derivatives are contracts or securities whose cash flows or fair values are derived from the values of other securities, indices, or instruments, including, but not limited to, futures, forwards, options, swaps, and options on futures. MCERA's investment managers are not allowed to use derivatives for speculative purposes. Investment managers must ascertain and carefully monitor the creditworthiness of any third parties involved in derivative transactions.

Derivative instruments are reported at fair value as determined by MCERA's bank custodian. The changes in fair value of derivative instruments are reported within the investment revenue classification. For financial reporting purposes, all MCERA derivatives are classified as investment derivatives.

**Types of Permitted Derivative Investments***Futures Contracts*

A futures contract represents an agreement to buy (long position) or sell (short position) an underlying asset at a specified future date for a specified price. Payment for the transaction is delayed until a future date, which is referred to as the settlement or expiration date. Futures contracts are standardized contracts traded on organized exchanges.

*Forward Contracts*

A forward contract represents an agreement to buy or sell an underlying asset at a specified date in the future at a specified price. Payment for the transaction is delayed until the settlement or expiration date. A forward contract is a non-standardized contract that is tailored to each specific transaction. Forward contracts are privately negotiated and are intended to be held until the settlement date. Currency forward contracts are used to manage currency exposure and facilitate the settlement of international security purchase and sale transactions.

*Option Contracts*

An option contract is a type of derivative in which a buyer (purchaser) has the right, but not the obligation, to buy or sell a specified amount of an underlying security at a fixed price by exercising the option before its expiration date. The seller (writer) has an obligation to buy or sell the underlying security if the buyer decides to exercise the option.

*Swap Agreements*

A swap is an agreement between two or more parties to exchange a sequence of cash flows over a period of time in the future. No principal is exchanged at the beginning of the swap. The cash flows are tied to a "notional" or contract amount. A swap agreement specifies the time period over which the periodic payments will be exchanged. The fair value represents the gains or losses as of the prior marking-to-market.



**NOTE 5 – DERIVATIVE FINANCIAL INSTRUMENTS** (Continued)**Investment Derivatives Summary**

The following is a summary of derivative instruments at June 30, 2022, with the net appreciation/(depreciation) that has occurred during the fiscal year (all dollars in thousands):

<b>Investment Derivatives by Type</b>	<b>Net Appreciation/ (Depreciation) in Fair Value Amount</b>	<b>Classification</b>	<b>Fair Value</b>	<b>Notional Amount</b>
Credit Default Swaps Written	\$ (46)	Swaps	\$ (3)	\$ 6,906
Fixed Income Futures Long	(20,825)	Futures	–	143,059
Fixed Income Futures Short	9,936	Futures	–	(64,128)
Foreign Currency Futures Long	17	Futures	–	5,300
Foreign Currency Futures Short	1,219	Futures	–	(6,375)
FX Forwards	(161)	Long-Term Instruments	(86)	2,097
Index Futures Long	(1,444)	Futures	–	37
Index Futures Short	8,948	Futures	–	(32)
Rights	–	Common Stock	–	–
Warrants	(2)	Common Stock	–	–
<b>Total</b>	<b>\$ (2,358)</b>		<b>\$ (89)</b>	<b>\$ 86,864</b>

**Types of Derivative Risk***Counterparty Credit Risk*

To minimize counterparty credit risk exposure, MCERA investment managers continuously monitor credit ratings of counterparties. Should there be a counterparty failure, MCERA would be exposed to the loss of fair value of derivatives that are in asset positions and any collateral provided to the counterparty, net of the effect of applicable netting arrangements. Netting arrangements legally provide MCERA with a right of offset in the event of bankruptcy or default by the counterparty. MCERA has no general investment policy with respect to netting arrangements or collateral requirements. As of June 30, 2022, MCERA had no exposure to loss in case of default of a counterparty. In addition, MCERA had no collateral reducing exposure or liabilities subject to netting arrangements.

*Interest Rate Risk*

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. MCERA measures derivative interest rate risk using duration. MCERA had no investment derivative interest rate risk as of June 30, 2022.

**NOTE 5 – DERIVATIVE FINANCIAL INSTRUMENTS** (Continued)**Types of Derivative Risk** (Continued)*Foreign Currency Risk*

Foreign currency risk is the risk that changes in currency exchange rates will adversely affect the fair value of an investment. Currency forward contracts represent foreign exchange contracts that are used to control currency exposure and facilitate the settlement of international security purchase and sale transactions. MCERA had the following derivative foreign currency exposures as of June 30, 2022 (all dollars in thousands):

Derivative Type	Currency	Fair Value
Currency Forward Contracts	Brazilian Real	\$ (23)
Currency Forward Contracts	Euro Currency	(61)
Currency Forward Contracts	Mexican Peso	(2)
<b>Total Foreign Derivatives</b>		<b>\$ (86)</b>

**NOTE 6 – REAL ESTATE**

MCERA holds real estate assets directly and in commingled real estate funds. Real estate investments owned directly are appraised annually by independent third-party appraisers in accordance with the Uniform Standards of Professional Appraisal Practice. Properties held in commingled pools are subject to regular internal valuations by investment management firms/general partners with independent third-party appraisals accomplished at regular intervals. Internal valuation techniques include discounted cash flows, sales comparisons, and cost approaches, which typically involve a degree of expert judgment.

MCERA engages Woodmont Real Estate Services to manage the direct real estate investments and has investments in commingled real estate portfolios with other firms, as listed below. At June 30, 2022, the estimated fair value of MCERA's real estate portfolio was \$325,912,457.

MCERA has the following real estate holdings as of June 30, 2022 (all dollars in thousands):

	Fair Value
<b><i>Direct Investments</i></b>	
San Rafael	\$ 18,100
<b><i>Total Direct Investments</i></b>	<b>\$ 18,100</b>
<b><i>Commingled Investments</i></b>	
AEW Core	\$ 135,274
Blackrock REIT	54,715
UBS – TPF	117,824
<b><i>Total Commingled Investments</i></b>	<b>\$ 307,813</b>
<b>Total Real Estate Investments</b>	<b>\$ 325,913</b>

**NOTE 7 – CONTRIBUTIONS**

The funding objective of the Board of Retirement is to collect sufficient assets to permit the payment of all regular benefits promised under MCERA and to minimize the volatility of contribution rates from year to year as a percentage of covered payroll. As a condition of participation under the provisions of the CERL, members are required to pay a percentage of their salaries depending upon their age at date of entry into the plan, membership type, and benefit tier. There are three sources of funding for retirement benefits: employer contributions, member contributions, and the earnings on investments held by the plan.

Separate annual actuarial valuations are performed for three employer groups for the purpose of determining the funded position of the retirement plan and the employer and member contributions necessary to pay benefits for MCERA members not otherwise funded by current assets or projected member contributions or investment earnings. The three employer groups are: (1) City of San Rafael, (2) Novato Fire Protection District, and (3) County of Marin and the remaining special districts.

**Employer Contributions**

For fiscal year 2022, the employer contribution rates are actuarially determined by using the Entry Age Normal to Final Decrement funding method. Employer contribution rates are made up of two parts:

1. The Normal Cost or the cost of the employer's portion of the benefit that is allocated to the current year.
2. The payment to amortize the Unfunded Actuarial Liability (UAL). The UAL is the excess of the plan's accrued liability over its assets.

**Member Contributions**

Active members are required by statute to contribute toward pension plan benefits. The member contribution rates for non-PEPRA members are formulated separately for each employer group on the basis of age at the date of entry and actuarially calculated benefits. The member contribution rate for PEPRA members is a flat rate of at least 50 percent of the normal cost for the defined benefit plan, rounded to the nearest quarter of one percent, formulated separately for each employer. The CERL authorizes participating employers to "pickup" all or a portion of an employee's retirement contribution obligation on the employee's behalf; however, PEPRA eliminates that authorization as to PEPRA members, with a limited exception relating to contracts in effect on January 1, 2013. Interest is credited to member contributions every six months based on the prior six months ending balance. Members are not permitted to borrow against their contributions. Upon termination of employment, members may withdraw their contributions by requesting a refund of their accumulated contributions and interest. The employer paid contribution pickups are typically not refundable.

General member contributions range from 7.87% to 18.14%; Safety member contributions range from 13.59% to 24.69%. These figures include additional cost sharing for some members determined through labor negotiations.

**NOTE 8 – RESERVES**

MCERA carries accounts within Net Position Restricted for Pension Benefits as reserve accounts for various operating purposes. Reserves are neither required nor recognized under accounting principles generally accepted in the United States of America. These are not shown separately on the Statement of Fiduciary Net Position, as the sum of these reserves equals the Net Position Restricted for Pension Benefits. Reserves are established from member and employer contributions and the accumulation of investment income (loss) after satisfying investment and administrative expenses.

**NOTE 8 – RESERVES** (Continued)**Semi-Annual Interest Crediting**

MCERA updates reserve balances on a semi-annual basis as of June 30 and December 31 each year. At these times, MCERA carries out a multi-step process to calculate new reserve balances as specified in Article 5 of the CERL. The amount of “net earnings” to be credited for the semi-annual period is calculated based on actuarial smoothing. To the extent that net earnings are available, interest is credited to specified components of reserves in a prescribed sequence according to MCERA policy.

**Components of Reserves***Employee Reserve*

This represents the total accumulated member contributions of current active and inactive (deferred) members. Additions include member contributions and credited interest. Deductions include refunds of member contributions along with credited interest and transfers to Retiree Member Reserves made when a member retires.

*Employer Reserve*

This represents the total accumulated employer contributions for future retirement payments to active and deferred members. Additions include contributions from the employers and credited interest. Deductions include transfers to the Retiree Member Reserves made when each member retires. Employer contribution rates are actuarially determined taking into account other events such as members electing refund of contributions.

*Retiree Reserves*

These represent funds accumulated to pay retirement benefits to retired members, including credited interest, reduced by payments to retired members, beneficiaries, and survivors. The Retiree Pension Reserve and the Retiree Annuity Reserve represent the total net accumulated transfers from the Employer Reserve and the Employee Reserve, respectively, both made at the time each member retires. The Survivor Death Benefit and Continuance Reserve represents the accumulated employer and employee contributions, plus credited interest, to be used to pay death and survivorship benefits. The Cost of Living Reserve represents the accumulated contributions of the employer and the members, plus credited interest, to be used to pay COLAs.

*Contingency Reserve*

This represents earnings in excess of the total interest credited to valuation reserves, up to one percent of fair value of MCERA's total assets. The Contingency Reserve is treated as a non-valuation asset and is used as a reserve against deficiencies in available earnings in other years, as provided in Government Code Sections 31592 and 31592.2.

*Unrestricted Earnings Reserve*

This represents earnings in excess of the total interest credited to all other reserves that have not been allocated by the Board of Retirement to other reserves.

*Contra Account*

This is an accounting informational mechanism used to track any historical shortfalls of available earnings credited to valuation reserves other than the Unrestricted Earnings Reserve on or after December 31, 2009, relative to the earnings required to credit interest at the full valuation rate to those valuation reserves.

**NOTE 9 – NET PENSION LIABILITY (ASSET)****Net Pension Liability (Asset) of Employers**

The net pension liability (asset) (i.e., the plan's liability (asset) determined in accordance with GASB Statement No. 67 less the fiduciary net position) is shown below:

<b>Change in Net Pension Liability (Asset) from Fiscal Year Ended (FYE) 2021 to FYE 2022 <sup>1, 2</sup></b>			
	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability (a)</b>	<b>Fiduciary Net Position (b)</b>	<b>Net Pension Liability (Asset) (a) - (b)</b>
<b>Balances at June 30, 2021</b>	<b>\$3,233,119,109</b>	<b>\$3,395,520,286</b>	<b>\$ (162,401,177)</b>
<b>Changes for the Year:</b>			
Service Cost	69,061,416	–	69,061,416
Interest	214,652,039	–	214,652,039
Changes of Benefits	–	–	–
Differences Between Expected and Actual Experience	(17,263,371)	–	(17,263,371)
Changes of Assumptions	–	–	–
Contributions – Employer	–	85,165,422	(88,165,422)
Contributions – Plan Member	–	33,878,121	(33,878,121)
Net Investment Income (Loss)	–	(322,722,434)	322,722,434
Benefit Payments	(177,001,703)	(177,001,703)	–
Administrative Expenses	–	(4,960,544)	4,960,544
<b>Net Changes</b>	<b>89,448,381</b>	<b>(385,641,138)</b>	<b>475,089,519</b>
<b>Balances at June 30, 2022</b>	<b>\$3,322,567,490</b>	<b>\$3,009,879,148</b>	<b>\$ 312,688,342</b>

<sup>1</sup> The Net Pension Liability (Asset) was measured as of June 30, 2022 and determined based upon rolling forward the Total Pension Liability from the actuarial valuation as of June 30, 2021.

<sup>2</sup> Amounts may differ from June 30, 2022 Audited Financial Statements due to rounding.

**Actuarial Assumptions**

MCERA retains an independent actuarial firm to conduct actuarial valuations of the pension plan to monitor MCERA's funding status and to establish the contribution rate requirements for the plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation.

**NOTE 9 – NET PENSION LIABILITY (ASSET)** (Continued)**Actuarial Assumptions** (Continued)

The total pension liability as of June 30, 2022, was determined by an actuarial valuation as of June 30, 2021, updated to June 30, 2022, using the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB Statement No. 67. Key methods and assumptions used in the latest actuarial valuation are presented below:

<b>Inflation</b>	2.50%
<b>Salary Increases</b>	3.00% plus merit component based on employee classification and years of service
<b>Investment Rate of Return</b>	6.75%, net of pension plan investment expense
<b>Mortality Assumptions</b>	Active General: Sex distinct Public General 2010 Employee Mortality Table with generational mortality improvements projected from 2010 using Projection Scale MP-2020. Active Safety: Sex distinct Public Safety 2010 Above-Median Income Employee Mortality Table with generational mortality improvements projected from 2010 using Projection Scale MP-2020. Retired General: Sex distinct Public General 2010 Healthy Retiree Mortality Table with generational mortality improvements projected from 2010 using Projection Scale MP-2020. Retired Safety: Sex distinct Public Safety 2010 Above-Median Income Healthy Retiree Mortality Table with generational mortality improvements projected from 2010 using Projection Scale MP-2020.
<b>Most Recent Experience Study</b>	June 30, 2020 (conducted every three years)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and projected geometric real rates of return, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption for each major asset class are summarized in the following table:

<b>Asset Class</b>	<b>June 30, 2022</b>	
	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Fixed Income	23.00%	1.40%
Domestic Equities	32.00%	4.60%
International Equities	22.00%	4.85%
Public Real Assets	7.00%	3.20%
Real Estate	8.00%	3.65%
Private Equity	8.00%	6.00%
<b>TOTAL</b>	<b>100.00%</b>	

**NOTE 9 – NET PENSION LIABILITY (ASSET)** (Continued)**Discount Rate**

The discount rate used to measure the total pension liability was 6.75% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2022.

**Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate**

The following presents the net pension liability (asset) of MCERA as of June 30, 2022, calculated using the discount rate of 6.75%, as well as what MCERA's net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	<b>1% Decrease (5.75%)</b>	<b>Current Discount Rate (6.75%)</b>	<b>1% Increase (7.75%)</b>
Total Pension Liability	\$ 3,752,440,833	\$ 3,322,567,490	\$ 2,968,573,633
Fiduciary Net Position	3,009,879,148	3,009,879,148	3,009,879,148
Net Pension Liability (Asset)	<u>\$ 742,561,685</u>	<u>\$ 312,688,342</u>	<u>\$ (41,305,515)</u>
Fiduciary Net Position as a Percentage of the Total Pension Liability	80.2%	90.6%	101.4%

**NOTE 10 – CAPITAL ASSETS**

Capital asset activity for the fiscal year ending June 30, 2022, was as follows (all dollars in thousands):

	<b>Balance June 30, 2021</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2022</b>
<b>Capital Assets Being Depreciated:</b>				
Building and Building Improvements	\$ 3,140	\$ 1,205	\$ –	\$ 4,345
Tenant Improvements	4,354	–	–	4,354
Equipment	145	100	–	245
Computer Software/Hardware	4,374	–	–	4,374
<b>Total Capital Assets Being Depreciated</b>	<b>12,013</b>	<b>1,305</b>	<b>–</b>	<b>13,318</b>
<b>Less Accumulated Depreciation for:</b>				
Building	(991)	(122)	–	(1,113)
Tenant Improvements	(360)	(113)	–	(473)
Equipment	(115)	(11)	–	(126)
Computer Software/Hardware	(3,463)	(364)	–	(3,827)
<b>Total Accumulated Depreciation</b>	<b>(4,929)</b>	<b>(610)</b>	<b>–</b>	<b>(5,539)</b>
<b>Total Capital Assets, Net</b>	<b>\$ 7,084</b>	<b>\$ 695</b>	<b>\$ –</b>	<b>\$ 7,779</b>

Depreciation expense as of June 30, 2022, was \$610,717, and capitalized building improvements and equipment during the fiscal year June 30, 2022, were \$1,304,609.

**NOTE 11 – COMMITMENTS AND CONTINGENCIES****Litigation**

MCERA has no pending litigation as of the date of these financial statements.

**Securities Litigation**

MCERA's Class Action Securities Litigation Policy provides guidelines for monitoring litigation and for determining the appropriate participation by MCERA. Compliance with the policy assures that the Board of Retirement will continue to protect the financial interests of MCERA and its members.

**Capital Commitments**

MCERA's real estate and private equity investment managers identify and acquire investments on a discretionary basis. Each manager's investment activity and discretion is controlled by MCERA's IPS and the guidelines and limitations set forth in the contract, subscription agreement, limited partnership agreement, and/or other contractual documents applicable to each manager. Such investments are further restricted by the amount of capital allocated or committed to each manager. MCERA's IPS, contractual obligations, and capital commitments are subject to approval by the Board of Retirement and may be updated as often as necessary to reflect MCERA's prudent determinations regarding its investments, as well as changes in market conditions.

During fiscal year 2022, MCERA funded \$19,642,512 of its private equity capital commitments and \$24,218,631 of its opportunistic capital commitments. As of June 30, 2022, outstanding commitments to the various investment managers, as approved by the Board of Retirement, totaled \$65,361,631 for private equity and \$48,669,782 for opportunistic.

**NOTE 12 – SUBSEQUENT EVENTS**

Subsequent events have been evaluated by management through December 8, 2022, which is the date the financial statements were available to be issued. There were no subsequent events with a material effect on the financial statements or note disclosures that took place after June 30, 2022.



**REQUIRED SUPPLEMENTARY INFORMATION**

## C.2

**MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS <sup>1</sup>**

	FYE 2022	FYE 2021	FYE 2020	FYE 2019	FYE 2018
<b>Total Pension Liability</b>					
Service cost	\$ 69,061,416	\$ 68,379,239	\$ 63,855,331	\$ 63,587,459	\$ 61,074,664
Interest (includes interest on service cost) <sup>2</sup>	214,652,039	207,084,921	203,816,884	195,274,191	188,096,539
Differences between expected and actual experience	(17,263,371)	8,570,419	15,620,886	16,721,629	(3,412,765)
Changes of assumptions	—	33,674,504	—	—	40,801,678
Benefit payments, including refunds of employee contributions <sup>2</sup>	(177,001,703)	(167,679,802)	(158,293,527)	(149,212,984)	(139,856,672)
Net Change in Total Pension Liability	89,448,381	150,029,281	124,999,574	126,370,295	146,703,444
Total Pension Liability - Beginning	3,233,119,109	3,083,089,828	2,958,090,254	2,831,719,959	2,685,016,515
<b>Total Pension Liability - Ending (a)</b>	<b>\$3,322,567,490</b>	<b>\$3,233,119,109</b>	<b>\$3,083,089,828</b>	<b>\$2,958,090,254</b>	<b>\$2,831,719,959</b>
<b>Fiduciary Net Position</b>					
Contributions – employer <sup>2</sup>	\$ 85,165,422	\$ 80,359,731	\$ 75,643,074	\$ 78,738,814	\$ 78,754,476
Contributions - plan member <sup>2</sup>	33,878,121	32,019,007	30,913,996	30,010,459	28,628,627
Net investment income (loss)	(322,722,434)	829,890,324	89,273,498	136,483,513	221,839,196
Benefit payments, including refunds of employee contributions <sup>2</sup>	(177,001,703)	(167,679,802)	(158,293,527)	(149,212,984)	(139,856,672)
Administrative expenses <sup>2</sup>	(4,960,544)	(4,383,839)	(4,607,760)	(5,056,350)	(4,203,705)
Net Change in Fiduciary Net Position	(385,641,138)	770,205,421	32,929,281	90,963,452	185,161,922
Fiduciary Net Position - Beginning	3,395,520,286	2,625,314,865	2,592,385,584	2,501,422,132	2,316,260,210
<b>Fiduciary Net Position - Ending (b)</b>	<b>\$3,009,879,148</b>	<b>\$3,395,520,286</b>	<b>\$2,625,314,865</b>	<b>\$2,592,385,584</b>	<b>\$2,501,422,132</b>
<b>Net Pension Liability (Asset) (a)-(b)</b>	<b>\$ 312,688,342</b>	<b>\$ (162,401,177)</b>	<b>\$ 457,774,963</b>	<b>\$ 365,704,670</b>	<b>\$ 330,297,827</b>
Fiduciary Net Position as a Percentage of the Total Pension Liability	90.59%	105.02%	85.15%	87.64%	88.34%
Covered Payroll	\$ 279,282,881	\$ 272,441,885	\$ 264,730,129	\$ 253,964,938	\$ 248,532,086
Net Pension Liability (Asset) as a Percentage of Covered Payroll	111.96%	(59.61%)	172.92%	144.00%	132.90%

<sup>1</sup> The Schedule of Changes in Net Pension Liability and Related Ratios is intended to show information for 10 years. Additional years will be displayed as they become available.

<sup>2</sup> Amounts may not sum to total due to rounding.

See accompanying notes to the required supplementary information.

## C.2

**MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS (CONTINUED) <sup>1</sup>**

	FYE 2017	FYE 2016	FYE 2015	FYE 2014
<b>Total Pension Liability</b>				
Service cost	\$ 57,090,773	\$ 55,208,834	\$ 49,064,492	\$ 49,014,858
Interest (includes interest on service cost) <sup>2</sup>	184,139,800	176,564,792	166,718,783	159,521,975
Differences between expected and actual experience	(904,678)	(212,631)	(31,054,298)	—
Changes of assumptions	—	—	144,753,646	—
Benefit payments, including refunds of employee contributions <sup>2</sup>	(131,937,062)	(124,203,519)	(115,984,752)	(109,342,861)
Net Change in Total Pension Liability	108,388,833	107,357,476	213,497,871	99,193,972
Total Pension Liability - Beginning	2,576,627,682	2,469,270,206	2,255,772,335	2,156,578,363
<b>Total Pension Liability - Ending (a)</b>	<b>\$2,685,016,515</b>	<b>\$2,576,627,682</b>	<b>\$2,469,270,206</b>	<b>\$2,255,772,335</b>
<b>Fiduciary Net Position</b>				
Contributions – employer <sup>2</sup>	\$ 77,502,945	\$ 75,260,980	\$ 68,915,072	\$ 69,980,201
Contributions - plan member <sup>2</sup>	28,053,775	27,207,157	24,920,493	22,952,689
Net investment income (loss)	248,347,501	42,927,728	100,055,573	309,002,468
Benefit payments, including refunds of employee contributions <sup>2</sup>	(131,937,062)	(124,203,519)	(115,984,752)	(109,342,861)
Administrative expenses <sup>2</sup>	(4,404,191)	(4,379,760)	(4,654,623)	(4,503,845)
Net Change in Fiduciary Net Position	217,562,968	16,812,586	73,251,763	288,088,652
Fiduciary Net Position - Beginning	2,098,697,242	2,081,884,656	2,008,632,893	1,720,544,241
Fiduciary Net Position - Ending (b)	\$2,316,260,210	\$2,098,697,242	\$2,081,884,656	\$2,008,632,893
<b>Net Pension Liability (Asset) (a)-(b)</b>	<b>\$ 368,756,305</b>	<b>\$ 477,930,440</b>	<b>\$ 387,385,550</b>	<b>\$ 247,139,442</b>
Fiduciary Net Position as a Percentage of the Total Pension Liability	86.27%	81.45%	84.31%	89.04%
Covered Payroll	\$ 242,045,311	\$ 238,185,040	\$ 223,825,880	\$ 218,340,721
Net Pension Liability (Asset) as a Percentage of Covered Payroll	152.35%	200.66%	173.07%	113.19%

<sup>1</sup> The Schedule of Changes in Net Pension Liability and Related Ratios is intended to show information for 10 years. Additional years will be displayed as they become available.

<sup>2</sup> Amounts may not sum to total due to rounding.

See accompanying notes to the required supplementary information.

## C.2

### MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION SCHEDULE OF CONTRIBUTIONS HISTORY

	FYE 2022	FYE 2021	FYE 2020	FYE 2019	FYE 2018
Actuarially Determined Contributions	\$ 85,165,422	\$ 80,359,731	\$ 75,643,074	\$ 78,738,814	\$ 78,754,476
Contributions in Relation to the Actuarially Determined Contributions	85,165,422	80,359,731	75,643,074	78,738,814	78,754,476
Contribution Deficiency / (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll <sup>1</sup>	\$ 279,282,881	\$ 272,441,885	\$ 264,730,129	\$ 253,964,938	\$ 248,532,086
Contributions as a Percentage of Covered Payroll	30.49%	29.50%	28.57%	31.00%	31.69%

	FYE 2017	FYE 2016	FYE 2015	FYE 2014	FYE 2013
Actuarially Determined Contributions	\$ 77,502,945	\$ 75,260,980	\$ 68,915,072	\$ 69,660,201	\$ 69,853,000
Contributions in Relation to the Actuarially Determined Contributions	77,502,945	75,260,980	68,915,072	69,660,201	69,853,000
Contribution Deficiency / (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll <sup>1</sup>	\$ 242,045,311	\$ 238,185,040	\$ 223,825,880	\$ 218,340,721	\$ 211,001,594
Contributions as a Percentage of Covered Payroll	32.02%	31.60%	30.79%	31.90%	33.11%

<sup>1</sup> In accordance with GASB Statement No. 82, Covered Payroll is the payroll on which contributions are based.

See accompanying notes to the required supplementary information.

## C.2

### MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION SCHEDULE OF INVESTMENT RETURNS\*

	FYE 2022**	FYE 2021**	FYE 2020**	FYE 2019**	FYE 2018**
Annual Money-Weighted Rate of Return, Net of Investment Expense	(9.40)%	32.75%	3.25%	5.41%	9.53%

	FYE 2017**	FYE 2016**	FYE 2015	FYE 2014
Annual Money-Weighted Rate of Return, Net of Investment Expense	12.21%	2.15%	5.04%	18.16%

\* The Schedule of Investment Returns is intended to show information for 10 years. Additional years will be displayed as they become available.

\*\* These calculations for the money-weighted rate of return, net of investment expense, were provided by MCERA's investment consultant, Callan Associates.

See accompanying notes to the required supplementary information.

**MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**NOTE 1 – SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**

**Total Pension Liability**

The total pension liability contained in this schedule was obtained from MCERA's actuary, Cheiron.

**Service Cost**

The service cost is based on the previous year's valuation, meaning the 2022 and 2021 values are based on the valuations as of June 30, 2021 and June 30, 2020, respectively. The June 30, 2022 service costs have been calculated using the June 30, 2021 actuarial assumptions as described in Note 9 of the Notes to the Basic Financial Statements earlier in this report. The June 30, 2021 service costs have been calculated using the June 30, 2020 actuarial assumptions as described in Note 3 of the Notes to Required Supplementary Information on the following page.

**Change in Assumptions**

Triennially, MCERA requests that the actuary perform an analysis of all economic and non-economic assumptions in the form of an Experience Study. The most recent triennial Experience Study was for the period July 1, 2017 through June 30, 2020. Based on the results of this study, the Board of Retirement lowered the assumed rate of investment return from 7.00% to 6.75% effective with the June 30, 2020 valuation.

**Covered Payroll**

Covered payroll shown represents only the Compensation Earnable and Pensionable Compensation that is used in the determination of retirement benefits.

**NOTE 2 – SCHEDULE OF INVESTMENT RETURNS**

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**NOTE 3 – ACTUARIAL ASSUMPTIONS USED IN CALCULATING THE ACTUARIALLY DETERMINED CONTRIBUTIONS**

<b>Valuation date</b>	June 30, 2020 (to determine FY 2021-22 contributions)
<b>Timing</b>	Actuarially determined contribution rates are calculated based on the actuarial valuation one year prior to the beginning of the plan year.
<b>Key methods and assumptions used to determine contribution rates:</b>	
<b>Actuarial cost method</b>	Entry Age Normal to Final Decrement
<b>Asset valuation method</b>	As of the June 30, 2014 valuation, assets are valued using the market value. The assets used to compute the Unfunded Actuarial Liability (UAL) are the market value of assets, minus the value of any non-valuation contingency reserves.
<b>Amortization method</b>	<p>The UAL (or Surplus Funding) is amortized as a percentage of the projected salaries of present and future members of MCERA. Effective with the June 30, 2013 valuation, the UAL as of June 30, 2013, is amortized over a closed 17-year period (10 years remaining as of June 30, 2020), except for the additional UAL attributable to the extraordinary loss from 2009, which is being amortized over a separate closed period (18 years remaining as of June 30, 2020).</p> <p>Subsequent unexpected change in the unfunded actuarial liability after June 30, 2014, is amortized over a closed 24-year period (22 years for assumption changes) that includes a 5-year phase-in/out (3 years for assumption changes) of the payments/credits for each annual layer.</p>
<b>Investment rate of return</b>	6.75%
<b>Inflation rate</b>	2.5%
<b>Cost of living adjustments (COLAs)</b>	2.5% for tiers with a 4.0% COLA cap 2.4% for tiers with a 3.0% COLA cap 1.9% for tiers with a 2.0% COLA cap
<b>Salary increases</b>	3.00% plus merit component based on employee classification and years of service
<b>Active mortality</b>	<p>Active General: Sex distinct Public General 2010 Employee Mortality Table with generational mortality improvements projected from 2010 using Projection Scale MP-2020.</p> <p>Active Safety: Sex distinct Public Safety 2010 Above-Median Income Employee Mortality Table with generational mortality improvements projected from 2010 using Projection Scale MP-2020.</p>
<b>Retiree mortality</b>	<p>Retired General: Sex distinct Public General 2010 Healthy Retiree Mortality Table with generational mortality improvements projected from 2010 using Projection Scale MP-2020.</p> <p>Retired Safety: Sex distinct Public Safety 2010 Above-Median Income Healthy Retiree Mortality Table with generational mortality improvements projected from 2010 using Projection Scale MP-2020.</p>

**NOTE 3 – ACTUARIAL ASSUMPTIONS USED IN CALCULATING THE ACTUARIALLY DETERMINED CONTRIBUTIONS** (Continued)

**Disabled mortality**

Retired Disabled General: Sex distinct Public General 2010 Disabled Retiree Mortality Table with generational mortality improvements projected from 2010 using Projection Scale MP-2020.

Retired Disabled Safety: Sex distinct Public Safety 2010 Disabled Retiree Mortality Table with generational mortality improvements projected from 2010 using Projection Scale MP 2020 adjusted by 95% for males with no adjustment for females.

**A complete description of the methods and assumptions used to determine contribution rates for the fiscal year ending June 30, 2022, can be found in the June 30, 2020 actuarial valuation report.**



**OTHER INFORMATION**

## C.2

### MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION SCHEDULE OF COST SHARING EMPLOYER ALLOCATIONS AS OF JUNE 30, 2022 <sup>1</sup>

Employer	Unfunded Liability (from the June 30, 2020 Actuarial Valuation) <sup>2</sup>	Proportionate Share	Net Pension Liability (Asset) <sup>3</sup>
County	\$ 279,082,561	53.4663%	\$ 167,182,887
City of San Rafael	148,170,360	33.7322%	105,476,657
Novato Fire	34,993,749	6.9368%	21,690,565
Superior Court	11,570,299	2.1883%	6,842,559
Southern Marin Fire	17,578,363	2.5255%	7,896,944
Mosquito District	7,675,159	0.8323%	2,602,505
Tamalpais CSD	407,469	0.2643%	826,435
Marin City CSD	-	0.0240%	75,045
LAFCO	-	0.0303%	94,745
<b>Total</b>	<b>\$ 499,477,960</b>	<b>100.0000%</b>	<b>\$ 312,688,342</b>

<sup>1</sup> Numbers may not sum to total due to rounding.

<sup>2</sup> The proportionate shares as of the June 30, 2021 measurement date were allocated based on the Unfunded Actuarial Liability (UAL) as of June 30, 2020, which is the same method that had been used historically. Proportionate shares for each employer have previously been determined based on the employer's share of the UAL reported in the most recent actuarial valuation. However, because the June 30, 2021 actuarial valuation reported positive UAL amounts for some employers and negative UAL amounts (i.e., surplus) for others, it would not be practical to determine proportionate shares based on each employer's share of the UAL from the 2021 valuation.

<sup>3</sup> Proportionate share of net pension liability is based on the actuarial valuation.

See accompanying notes to the other information.

**MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
SCHEDULE OF EMPLOYER PENSION AMOUNTS ALLOCATED BY COST SHARING PLAN  
AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2022 <sup>1</sup>**

Employer	Net Pension Liability (Asset)	Deferred Outflows of Resources				
		Differences Between Expected and Actual Economic Experience	Changes of Assumptions	Changes in Investment Return	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Outflows of Resources
County	\$ 167,182,887	\$ 4,379,119	\$ 9,002,256	\$ 48,429,253	\$ 16,019,918	\$ 77,830,546
City of San Rafael	105,476,657	2,762,812	5,679,576	30,554,298	7,957,716	46,954,402
Novato Fire	21,690,565	568,154	1,167,966	6,283,286	1,946,068	9,965,474
Superior Court	6,842,559	179,231	368,450	1,982,141	674,217	3,204,039
Southern Marin Fire	7,896,944	206,849	425,225	2,287,573	2,038,564	4,958,211
Mosquito District	2,602,505	68,169	140,136	753,889	713,358	1,675,552
Tamalpais CSD	826,435	21,647	44,501	239,400	653,151	958,699
Marin City CSD	75,045	1,966	4,041	21,739	112,855	140,601
LAFCO	94,745	2,482	5,102	27,445	111,304	146,333
<b>Totals</b>	<b>\$ 312,688,342</b>	<b>\$ 8,190,429</b>	<b>\$ 16,837,252</b>	<b>\$ 90,579,025</b>	<b>\$ 30,227,150</b>	<b>\$ 145,833,856</b>

<sup>1</sup> Numbers may not sum to total due to rounding.

See accompanying notes to the other information.

## C.2

**MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
**SCHEDULE OF EMPLOYER PENSION AMOUNTS ALLOCATED BY COST SHARING PLAN (Continued)**  
**AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2022 <sup>1</sup>**

<b>Deferred Inflows of Resources</b>			
<b>Employer</b>	<b>Differences Between Expected and Actual Economic Experience</b>	<b>Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions</b>	<b>Total Deferred Inflows of Resources</b>
County	\$ 6,922,564	\$ 4,712,568	\$ 11,635,132
San Rafael	4,367,486	19,695,890	24,063,376
Novato Fire	898,144	1,720,080	2,618,224
Superior Court	283,331	262,104	545,435
Southern Marin Fire	326,990	1,991,186	2,318,176
Mosquito District	107,762	1,569,575	1,677,337
Tamalpais CSD	34,220	260,192	294,412
Marin City CSD	3,107	2,334	5,441
LAFCO	3,923	13,222	17,145
<b>Totals</b>	<b>\$ 12,947,528</b>	<b>\$ 30,227,150</b>	<b>\$ 43,174,677</b>

<sup>1</sup> Numbers may not sum to total due to rounding.

See accompanying notes to the other information.

**MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
**SCHEDULE OF EMPLOYER PENSION AMOUNTS ALLOCATED BY COST SHARING PLAN (Continued)**  
**AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2022 <sup>1</sup>**

<b>Employer</b>	<b>Pension Expense Excluding that Attributable to Employer-Paid Member Contributions</b>		
	<b>Proportionate Share of Allocable Pension Plan Expense</b>	<b>Net Amortization of Deferred Amounts from Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions</b>	<b>Total Pension Expense Excluding that Attributable to Employer-Paid Member Contributions</b>
County	\$ 18,349,669	\$ 5,253,757	\$ 23,603,426
City of San Rafael	11,576,913	(7,528,458)	4,048,455
Novato Fire	2,380,714	1,383,844	3,764,557
Superior Court	751,026	270,826	1,021,852
Southern Marin Fire	866,753	1,094,466	1,961,219
Mosquito District	285,646	(439,734)	(154,088)
Tamalpais CSD	90,708	(131,330)	(40,623)
Marin City CSD	8,237	58,208	66,444
LAFCO	10,399	38,422	48,821
<b>Totals</b>	<b>\$ 34,320,065</b>	<b>\$ -</b>	<b>\$ 34,320,063</b>

<sup>1</sup> Numbers may not sum to total due to rounding.

See accompanying notes to the other information.

**MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
NOTES TO OTHER INFORMATION**

**NOTE 1 – BASIS OF PRESENTATION AND BASIS OF ACCOUNTING**

Employers participating in Marin County Employees' Retirement Association (MCERA) are required to report pension information in their financial statements for fiscal periods beginning on or after June 15, 2014, in accordance with Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27*. The Schedule of Employer Pension Amounts Allocated by Cost Sharing Plan and Schedule of Cost Sharing Employer Allocations, along with MCERA's audited financial statements, the GASB Statement No. 67 Actuarial Valuation as of June 30, 2021, and the GASB Statement No. 68 Actuarial Valuation Based on a June 30, 2022 Measurement Date for Employer Reporting as of June 30, 2022, prepared by MCERA's independent actuary, provide the required information for financial reporting related to MCERA that employers may use in their financial statements.

The accompanying schedules were prepared by MCERA's independent actuary and were derived from information provided by MCERA in accordance with accounting principles generally accepted in the United States of America as applicable to governmental organizations.

**NOTE 2 – USE OF ESTIMATES IN THE PREPARATION OF THE SCHEDULES**

The preparation of these schedules in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain amounts and disclosures. Actual results could differ from those estimates.

**NOTE 3 – AMORTIZATION OF DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES**

The difference between projected and actual investment earnings on pension plan investments is amortized over 5 years on a straight-line basis. One-fifth was recognized in pension expense during the measurement period, and the remaining difference between projected and actual investment earnings on pension plan investments at June 30, 2022, is to be amortized over the remaining periods.

The changes in assumptions and differences between expected and actual experience are recognized over the average of the expected remaining service lives of all employees that are provided with pensions through MCERA (active and inactive employees) determined as of June 30, 2021 (the beginning of the measurement period ending June 30, 2022) and is four years. Prior period changes of assumptions and differences between expected and actual experience are continued to be recognized based on the expected remaining service lives of all employees calculated as of those prior measurement dates.

In addition, the net effect of the change in the employer's proportionate share of the net pension liability and deferred outflows of resources and deferred inflows of resources is also recognized over the average expected remaining service lives of all employees noted above. The difference between the actual employer contributions and the proportionate share of the employer contributions during the measurement period ending on June 30, 2022, is recognized over the same period as noted above. The Schedule of Employer Pension Amounts Allocated by Cost Sharing Plan does not reflect contributions made to MCERA subsequent to the measurement date as defined in GASB Statement No. 68 Paragraphs 54, 55, and 57. Appropriate treatment of such amounts is the responsibility of the employers.

**MCERA Board of Retirement**  
**2022 Standing Committee Assignments**  
As of December 14, 2022

**INVESTMENT COMMITTEE**

Sara Klein, Chair  
Chris Cooper  
Maya Gladstern  
Chris Gullett  
Dorothy Jones  
Mina Martinovich  
Laurie Murphy  
Karen Shaw  
Steve Silberstein  
Amanda Tomlin  
Daniel Vasquez  
Todd Werby

**FINANCE & RISK MANAGEMENT COMMITTEE**

Todd Werby, Chair  
Sara Klein  
Mina Martinovich  
Daniel Vasquez

**GOVERNANCE COMMITTEE**

Chris Cooper, Chair  
Maya Gladstern  
Dorothy Jones  
Steve Silberstein  
Amanda Tomlin

**AUDIT COMMITTEE**

Maya Gladstern, Chair  
Mina Martinovich  
Steve Silberstein

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

This is a discussion with no backup.



## E.2.a.1

	FY 21/22 Actual Expenses	FY 22/23 Approved Budget	July	Aug	September	1st Qtr. Total	Percentage of Budget used	Notes
<i>Salaries and Benefits</i>		26 PP	2 PP	2 PP	3 PP	7 PP		
								<b>QTD</b> - Quarter-to-Date <b>PY</b> - Prior Year <b>PP</b> - Pay Period <b>GF</b> - General Fund <b>AA</b> - Accounting Asst. <b>FTE</b> - Full Time Equivalent <b>SL</b> - Straight Line <b>WCI</b> - Workers' Comp Ins <b>SAA</b> - Sr. Accounting Asst.
Regular Staff Salaries	1,727,463	2,161,921	44,662	148,780	245,379	438,821	20.3%	
Extra-Hire	0	0	0	0	0	0	0.0%	
Overtime	10,146	14,569	0	199	471	669	4.6%	
Employee Benefits	203,785	292,629	5,455	16,904	28,689	51,047	17.4%	
Retirement Benefits	335,327	433,364	9,052	25,503	41,755	76,309	17.6%	
Retirement Benefits - OPEB	128,601	166,199	3,454	8,259	13,522	25,235	15.2%	
Ret POB Debt Svc. Misc.	91,223	114,046	3,775	7,958	13,029	24,761	21.7%	
Auto Allowance	9,493	9,888	237	738	1,108	2,084	21.1%	
Unused Fringe Benefits	20,698	23,402	533	1,701	2,437	4,671	0.0%	
Workers Comp. Insurance	19,685	48,453	334	1,987	2,705	5,025	10.4%	
Medicare	25,396	31,643	654	2,177	3,563	6,394	20.2%	
<b>Total Salaries and Benefits</b>	<b>2,571,816</b>	<b>3,296,114</b>	<b>68,154</b>	<b>214,206</b>	<b>352,657</b>	<b>635,017</b>	<b>19.3%</b>	QTD is 5% under SL budget due to vacancies during Q1.
<i>Services and Supplies</i>								
Professional Services	51,111	92,500	0	2,201	0	2,201	2.4%	
Innovest - Retiree Payroll Processing	40,675	38,000	3,118	3,375	3,347	9,840	25.9%	
Records Retention	3,156	3,800	386	1,571	1,416	3,373	88.8%	Increase due to costs for moving paper documentation offsite. Overall services and supplies budget is sufficient to cover this project.
Bank Charges	7,995	6,700	0	2,682	0	2,682	40.0%	Increase due to increased fees for Q1. Expect bank fees for the remainder of the year to be consistent with PY. Overall sufficient budget to cover this increase.
Insurance Premiums	113,567	113,600	21,971	0	0	21,971	19.3%	
Utilities (1 McInnis Owner Allocation)	239,702	239,900	19,967	19,967	20,017	59,950	25.0%	
Memberships & Dues	12,546	16,000	6,033	16	311	6,360	39.8%	Total includes CALPRS and SACRS dues paid once a year and consistent with PY.
Subscriptions	4,961	4,500	3,017	353	116	3,486	77.5%	Total includes PBI renewal cost (death audit records) paid once a year and consistent with PY.
Conferences/Training	2,521	26,000	0	800	360	1,160	4.5%	
Travel and Mileage	8,207	20,000	31	0	1,149	1,180	5.9%	
Document Reproduction Costs	44,881	28,300	2,657	5,047	4,186	11,889	42.0%	Total includes cost of mailing annual statements, incurred once a year and consistent with PY.
Medical Examinations	0	12,000	0	0	0	0	0.0%	
Investigations	1,224	2,000	1,014	0	0	1,014	15.6%	Total includes background check for one new hire during Q1.
Transcribing/Medical Record Review	173,102	200,000	15,065	8,875	5,000	28,940	15.2%	
Hearings	9,625	32,500	6,602	0	0	6,602	17.8%	
Board Election Fees	700	1,000	0	0	0	0	0.0%	
Board Remuneration (Gross Pay)	8,900	10,278	274	365	548	1,186	13.6%	
Board Payments (ER Liab., ADP & Bank fees)	2,098	2,422	156	174	211	541	20.2%	
Office Expenses and Supplies	3,530	4,000	219	137	399	755	18.9%	
Office Expenses - Phone	6,300	6,000	362	425	550	1,336	22.3%	
Electronic Supplies	13,527	7,500	2	3,404	0	3,406	45.4%	Total includes cost for four upgraded monitors.
Ergonomic Supplies	991	500	0	82	0	82	16.3%	
Office Supplies - Postage	1,453	1,100	174	45	47	265	24.1%	
Miscellaneous - Food	0	2,500	0	0	0	0	0.0%	
Depreciation Expense	559,213	559,215	0	0	139,804	139,804	25.0%	
<b>Total Services and Supplies</b>	<b>1,309,987</b>	<b>1,430,315</b>	<b>81,047</b>	<b>49,518</b>	<b>177,459</b>	<b>308,025</b>	<b>21.5%</b>	
<i>Interdepartmental Charges</i>								
Telephone Charges	21,581	12,950	0	0	0	0	0.0%	
Cost Allocation Plan (Inter-fund Charges)	294,541	398,473	0	0	0	0	0.0%	
<b>Total Interdepartmental Charges</b>	<b>316,122</b>	<b>411,423</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.0%</b>	No invoices for County services received. Billing expected in Q2.
<b>TOTAL</b>	<b>4,197,925</b>	<b>5,137,852</b>	<b>149,202</b>	<b>263,724</b>	<b>530,115</b>	<b>943,041</b>	<b>18.4%</b>	

## E.2.a.1

### MCERA Administrative Budget fund #7007

FY22/23 Quarter Ending September 30, 2022, by quarter

	FY 21/22 Actual Expenses	FY 22/23 Approved Budget	1st Qtr Total	FYTD	Percentage of Budget used
<b>Salaries and Benefits</b>					
Regular Staff Salaries	1,727,463	2,161,921	438,821	438,821	20%
Extra-Hire	0	0	0	0	0%
Overtime	10,146	14,569	669	669	0%
Employee Benefits	203,785	292,629	51,047	51,047	17%
Retirement Benefits	335,327	433,364	76,309	76,309	18%
Retirement Benefits - OPEB	128,601	166,199	25,235	25,235	15%
Ret POB Debt Svc. Misc.	91,223	114,046	24,761	24,761	22%
Auto Allowance	9,493	9,888	2,084	2,084	21%
Unused Fringe Benefits	20,698	23,402	4,671	4,671	0%
Workers Comp. Insurance	19,685	48,453	5,025	5,025	10%
Medicare	25,396	31,643	6,394	6,394	20%
<b>Total Salaries and Benefits</b>	<b>2,571,816</b>	<b>3,296,114</b>	<b>635,017</b>	<b>635,017</b>	<b>19%</b>
<b>Services and Supplies</b>					
Professional Services	51,111	92,500	2,201	2,201	2%
Innovest - Retiree payroll processing	40,675	38,000	9,840	9,840	26%
Records Retention	3,156	3,800	3,373	3,373	89%
Bank Charges	7,995	6,700	2,682	2,682	40%
Insurance Premiums	113,567	113,600	21,971	21,971	19%
Utilities (1 McInnis owner allocation)	239,702	239,900	59,950	59,950	25%
Memberships & Dues	12,546	16,000	6,360	6,360	40%
Subscriptions	4,961	4,500	3,486	3,486	77%
Conferences/Training	2,521	26,000	1,160	1,160	4%
Travel and Mileage	8,207	20,000	1,180	1,180	6%
Document Reproduction Costs	44,881	28,300	11,889	11,889	42%
Medical Examinations	0	12,000	0	0	0%
Investigations	1,224	2,000	1,014	1,014	51%
Transcribing/Medical Record Review	173,102	200,000	28,940	28,940	14%
Hearings	9,625	32,500	6,602	6,602	20%
Board Election Fees	700	1,000	0	0	0%
Board Remuneration (Gross Pay)	8,900	10,278	1,186	1,186	12%
Board Payments (ER Liab., ADP & Bank fees)	2,098	2,422	541	541	22%
Office Expenses and Supplies	3,530	4,000	755	755	19%
Office Expenses - Phone	6,300	6,000	1,336	1,336	22%
Electronic Supplies	13,527	7,500	3,406	3,406	45%
Ergonomic Supplies	991	500	82	82	16%
Office Supplies - Postage	1,453	1,100	265	265	24%
Miscellaneous - Food	0	2,500	0	0	0%
Depreciation Expense	559,213	559,215	139,804	139,804	25%
<b>Total Services and Supplies</b>	<b>1,309,987</b>	<b>1,430,315</b>	<b>308,025</b>	<b>308,025</b>	<b>22%</b>
<b>Interdepartmental Charges</b>					
Telephone Charges	21,581	12,950	0	0	0%
Cost Allocation Plan (Inter-fund Charges)	294,541	398,473	0	0	0%
<b>Total Interdepartmental Charges</b>	<b>316,122</b>	<b>411,423</b>	<b>0</b>	<b>0</b>	<b>0%</b>
<b>TOTAL</b>	<b>4,197,925</b>	<b>\$5,137,852</b>	<b>\$943,041</b>	<b>\$943,041</b>	<b>18%</b>

## E.2.a.2

### MCERA Non-Budgeted Expenses

FY 22/23 Quarter Ending September 30, 2022, by month

	July	August	September	1st Qtr. Expenses
Retiree Payroll	14,936,138	15,036,184	15,131,979	45,104,301
Retiree Death Benefit Paid	0	70,000	20,000	90,000
Active Member Death Benefit	0	0	0	0
Refund of Contributions	18,983	123,042	100,762	242,787
<b>Total Retirement Member Expense</b>	<b>14,955,121</b>	<b>15,229,226</b>	<b>15,252,741</b>	<b>45,437,087</b>
Personal Computer Lease (Accrual)	0	0	0	0
CPAS	8,150	8,150	0	16,300
Business Systems (Accountmate)	0	0	0	0
IBM - Cognos systems	0	0	0	0
Oracle America	0	0	0	0
<b>Total Computer Expense</b>	<b>8,150</b>	<b>8,150</b>	<b>0</b>	<b>16,300</b>
Linea Secure, LLC (Cybersecurity)	0	0	0	0
Insight Public Sector, Inc.	0	0	0	0
<b>Total Security Services Expense</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Legal</b>	<b>10,887</b>	<b>17,944</b>	<b>19,392</b>	<b>48,223</b>
County Counsel	0	11,110	0	11,110
Ice Miller LLP	0	270	0	270
Nossaman	10,887	6,564	19,392	36,843
Cheiron Inc. (Actuary)	0	30,380	0	30,380
Appraisals (1 McInnis)	0	0	0	0
Investment Managers	835,430	50,737	0	886,167
Callan (Investment Consultant)	0	0	0	0
State Street (Custodian)	0	106,854	0	106,854
Woodmont Consulting Services	0	9,450	2,188	11,638
Investment Education Expense	0	0	0	0
<b>Total Legal, Actuary &amp; Investment Expense</b>	<b>846,318</b>	<b>215,365</b>	<b>21,580</b>	<b>1,083,262</b>
<b>Total Fund Expenses</b>	<b>15,809,589</b>	<b>15,452,740</b>	<b>15,274,320</b>	<b>46,536,649</b>
<b>Nossaman</b>				
General Counsel	9,929	5,634	18,330	33,894
1 McInnis Parkway Leasing	0	0	0	0
Bankruptcy Related	791	316	738	1,845
Technology Projects	0	0	0	0
Employment Law Advice & Training	0	0	0	0
Negotiate Insurance Policies	167	614	0	781
Investment	0	0	0	0
Elections	0	0	324	324
<b>Total Nossaman Expense</b>	<b>10,887</b>	<b>6,564</b>	<b>19,392</b>	<b>36,843</b>

## E.2.a.2

### MCERA Non-Budgeted Expenses

FY 22/23 Quarter Ending September 30, 2022, by quarter

	FY 21/22 Actual Expenses	1st Qtr. Expenses	FYTD Total
Retiree Payroll	174,394,441	45,104,301	45,104,301
Retiree Death Benefit Paid	493,781	90,000	90,000
Active Member Death Benefit	0	0	0
Refund of Contributions	2,193,788	242,787	242,787
<b>Total Retirement Member Expense</b>	<b>177,082,010</b>	<b>45,437,087</b>	<b>45,437,087</b>
Personal Computer Lease (Accrual)	0	0	0
CPAS	230,279	16,300	16,300
Business Systems (Accountmate)	2,125	0	0
IBM - Cognos systems	19,971	0	0
Oracle America	0	0	0
<b>Total Computer Expense</b>	<b>252,375</b>	<b>16,300</b>	<b>16,300</b>
Linea Secure, LLC (Cybersecurity)	35,000	0	0
Insight Public Sector, Inc.	0	0	0
<b>Total Security Services Expense</b>	<b>35,000</b>	<b>0</b>	<b>0</b>
<b>Legal</b>	<b>246,721</b>	<b>48,223</b>	<b>48,223</b>
County Counsel	51,976	11,110	11,110
Ice Miller LLP	3,247	270	270
Nossaman	191,498	36,843	36,843
Cheiron Inc. (Actuary)	257,169	30,380	30,380
Appraisals (1 McInnis)	4,500	0	0
Investment Managers	10,964,381	886,167	886,167
Callan (Investment Consultant)	408,250	0	0
State Street (Custodian)	426,838	106,854	106,854
Woodmont Consulting Services	39,114	11,638	11,638
Investment Education Expense	36,750	0	0
<b>Total Legal, Actuary &amp; Investment Expense</b>	<b>12,383,722</b>	<b>1,083,262</b>	<b>1,083,262</b>
<b>Total Fund Expenses</b>	<b>189,753,106</b>	<b>46,536,649</b>	<b>46,536,649</b>
<b>Nossaman</b>			
General Counsel	141,648	33,894	33,894
One McInnis Parkway Leasing	19,946	0	0
Bankruptcy Related	570	1,845	1,845
Technology Projects	0	0	0
Employment Law Advice & Training	3,146	0	0
Negotiate Insurance Policies	5,359	781	781
Investment	20,370	0	0
Elections	0	324	324
<b>Total Nossaman Expense</b>	<b>191,038</b>	<b>36,843</b>	<b>36,843</b>

## E.2.a.2

**Investment Managers' Fees**  
**FY22/23 Quarter Ending September 30, 2022**

Fees:							FY 21/22
<u>Investment Manager</u>	<u>Market Value</u>	<u>Annualized %</u>	<u>July</u>	<u>August</u>	<u>September</u>	<u>Quarter Total</u>	<u>IM fees</u>
AEW Core Property	136,784,941	0.8900%	0	0	304,332	304,332	1,122,824
Abbott Fund VI	42,164,590	0.8678%	30,491	30,491	30,491	91,473	406,548
Abbott Fund VII	46,746,013	0.6546%	25,500	25,500	25,500	76,500	314,499
Abbott Investors 2016	70,952,290	0.3735%	22,083	22,083	22,083	66,249	662,245
Abbott Investors 2017	20,267,569	0.3700%	6,250	6,250	6,250	18,750	75,000
Abbott Investors 2021	7,727,200	0.9706%	6,250	6,250	6,250	18,750	53,750
Artisan International Growth Fund	152,986,243	0.8785%	0	0	336,011	336,011	1,631,323
BlackRock TIPS	54,720,889	0.0301%	4,116	0	0	4,116	16,724
BlackRock US Real Estate	49,003,597	0.0686%	8,404	0	0	8,404	35,482
CarVal	15,439,956	1.4398%	19,049	18,095	18,434	55,578	147,133
Colchester Global Investors	135,242,015	0.4519%	52,528	52,316	47,946	152,790	644,917
DFA Small Cap Core	202,823,802	0.2742%	0	139,028	0	139,028	776,534
Fidelity Institutional Asset Management (FIAM)	86,929,384	0.6761%	0	146,942	0	146,942	542,525
Fortress	10,721,890	1.2055%	0	0	32,312	32,312	94,087
Invesco	51,507,411	0.7546%	32,640	33,578	30,943	97,162	456,762
KBI Global Resources Solutions	49,862,067	0.9638%	0	0	120,148	120,148	370,613
Morgan Stanley	154,027,301	0.6757%	0	260,177	0	260,177	1,122,635
Parametric (overlay program)	32,143,634	0.6314%	0	50,737	0	50,737	150,701
Pathway I 2008-6	51,462,301	0.6995%	90,000	0	0	90,000	402,066
Pathway I 7-3	36,102,470	0.6980%	63,000	0	0	63,000	214,288
Pathway I 8-9	65,178,439	0.0000%	0	0	0	0	403,548
Pathway I 9-3	14,739,627	0.0000%	0	0	0	0	218,753
Pathway I 10-10	15,400,975	0.0000%	0	0	0	0	110,011
SSgA Russell 1000 Index Strategy	603,981,164	0.0290%	43,750	0	0	43,750	178,637
TimesSquare	84,231,167	0.9734%	66,920	67,543	70,506	204,969	1,064,294
UBS Realty Investment	116,910,481	0.6140%	0	0	179,467	179,467	676,935
Varde	27,581,178	1.4416%	0	0	99,403	99,403	348,595
Wellington	297,036,434	0.1825%	0	135,518	0	135,518	565,665
Western Asset	150,765,959	0.2587%	0	97,496	0	97,496	399,868
<b>Total</b>	<b>\$2,783,440,986</b>	<b>0.4158%</b>	<b>\$470,981</b>	<b>\$1,092,003</b>	<b>\$1,330,076</b>	<b>\$2,893,061</b>	<b>\$13,206,962</b>

**MCERA Credit Card Transactions  
FY 2022/2023 Q1**

**E.2.a.3.a**

Statement Date	Card Used	Transaction Date	Vendor	Amount Charged	Receipt (Yes/No/Other)	Dept or Area Served	Reason/Item Purchased
<b>7/18/22-8/17/22</b>	Kiana 8171	7/17/2022	The Economist	\$ 79.00	Y	MCERA Board	Subscriptions
	Jeff 3902	7/20/2022	Amazon Prime	\$ 16.34	Y	MCERA Staff	Membership
	Dale 4021	7/22/2022	CALAPRS	\$ 50.00	Y	MCERA Board	Training/Conferences
	Kiana 8171	7/25/2022	Office Depot	\$ 104.99	Y	MCERA Staff	Office Supplies
	Kiana 8171	7/29/2022	Amazon	\$ 1,589.22	Y	MCERA Staff	Electronic Supplies
	Kiana 8171	7/29/2022	eBay	\$ 947.58	Y	MCERA Staff	Electronic Supplies
	Kiana 8171	7/29/2022	eBay	\$ 735.75	Y	MCERA Staff	Electronic Supplies
	Kiana 8171	7/29/2022	eBay	\$ 43.59	Y	MCERA Staff	Electronic Supplies
	Kiana 8171	7/29/2022	eBay	\$ 87.18	Y	MCERA Staff	Electronic Supplies
	Kiana 8171	7/29/2022	Office Depot	\$ 81.74	Y	MCERA Staff	Ergo Equipment
	Dale 4021	8/4/2022	NCPERS	\$ 750.00	Y	MCERA Board	Training/Conferences
	Jeff 3902	8/4/2022	Zoom.US	\$ 114.95	Y	MCERA Board	Subscriptions
	Jeff 3902	8/8/2022	Apple.Com	\$ 0.99	Y	MCERA Staff	Electronic Supplies
	Kiana 8171	8/11/2022	Wall Street Journal	\$ 159.42	Y	MCERA Board	Subscriptions
	<b>7/18/22-8/17/22 Statement Total</b>			<b>\$ 4,760.75</b>			

Statement Date	Card Used	Transaction Date	Vendor	Amount Charged	Receipt (Yes/No/Other)	Dept or Area Served	Reason/Item Purchased
<b>8/18/22-9/17/22</b>	Kiana 8171	8/18/2022	Office Depot	\$ 148.41	Y	MCERA Staff	Office Supplies
	Dale 4021	8/19/2022	SACRS	\$ 360.00	Y	MCERA Board	Training/Conferences
	Kiana 8171	8/19/2022	Office Depot	\$ 231.06	Y	MCERA Staff	Office Supplies
	Jeff 3902	8/20/2022	Amazon Prime	\$ 16.34	Y	MCERA Staff	Memberships
	Dale 4021	8/21/2022	Westin Copley Place	\$ 1,149.36	Y	MCERA Board	Lodging
	Kiana 8171	8/21/2022	Amazon	\$ 8.27	Y	MCERA Staff	Office Supplies
	Kiana 8171	8/21/2022	Amazon	\$ 21.59	Y	MCERA Staff	Office Supplies
	Kiana 8171	8/28/2022	B2B Prime	\$ 195.11	Y	MCERA Staff	Memberships
	Jeff 3902	9/4/2022	Zoom.US	\$ 114.95	Y	MCERA Board	Subscriptions
	Kiana 8171	9/7/2022	Office Depot	\$ (42.50)	Y	MCERA Staff	Office Supplies
	Jeff 3902	9/8/2022	Apple.Com	\$ 0.99	Y	MCERA Staff	Electronic Supplies
	<b>8/18/22-9/17/22 Statement Total</b>			<b>\$ 2,203.58</b>			

Statement Date	Card Used	Transaction Date	Vendor	Amount Charged	Receipt (Yes/No/Other)	Dept or Area Served	Reason/Item Purchased
<b>9/18/22-10/17/22</b>	Jeff 3902	9/20/2022	Amazon Prime	\$ (16.34)	Y	MCERA Staff	Membership
	Dale 4021	9/23/2022	SACRS	\$ 135.00	Y	MCERA Board	Training/Conference
	Dale 4021	9/23/2022	Westin Copley Place	\$ 1,149.39	Y	MCERA Board	Hotel/Lodging
	Dale 4021	9/27/2022	California Special Districts Assoc.	\$ 900.00	Y	MCERA Staff	Training/Conference
	Dale 4021	9/27/2022	Nossaman LLP	\$ 750.00	Y	MCERA Board	Training/Conference
	Kiana 8171	10/3/2022	Wall Street Journal	\$ 116.97	Y	MCERA Board	Subscriptions
	Jeff 3902	10/4/2022	Zoom.US	\$ 114.95	Y	MCERA Board	Subscriptions
	Jeff 3902	10/8/2022	Apple.com	\$ 0.99	Y	MCERA Staff	Electronic Supplies
	Kiana 8171	10/9/2022	The Economist	\$ 79.00	Y	MCERA Board	Subscriptions
	Kiana 8171	10/10/2022	ODP Business Solutions	\$ 56.02	Y	MCERA Staff	Office Supplies
	<b>9/18/22-10/17/22 Statement Total</b>			<b>\$ 3,285.98</b>			

**2022/2023 Q1 Total \$ 10,250.31**

## E.2.a.3.c

**MCERA Education and Due Diligence Expense Summary FY 22/23**  
**FY 22/23 Quarter Ending September 30, 2022**

<u>Trustee</u>	<u>Date</u>	<u>Conference</u>	<u>Location</u>	<u>1st quarter</u>	<u>Year to Date</u>
C. Cooper	10/23-26/2022	NCPERS 2022 Conference	Nashville, TN	750.00	\$ 750.00
	11/8-11/2022	SACRS 2022 Fall Conference	Long Beach, CA	120.00	\$ 120.00
M. Gladstern	9/20-23/2022	Council of Institutional Investors Conference	Boston, MA	1,149.36	\$ 1,149.36
S. Silberstein	11/8-11/2022	SACRS 2022 Fall Conference	Long Beach, CA	120.00	\$ 120.00
T. Werby	11/8-11/2022	SACRS 2022 Fall Conference	Long Beach, CA	120.00	\$ 120.00
<b>Trustee expense</b>				<b>\$ 2,259.36</b>	<b>\$ 2,259.36</b>
<u>Employee</u>	<u>Date</u>	<u>Conference</u>	<u>Location</u>	<u>1st quarter</u>	<u>Year to Date</u>
S. Eichner-Gross	4/18-6/30/2022	Mileage Reimbursement	San Rafael, CA	30.89	\$ 30.89
<b>Administrator and Employee expense</b>				<b>\$ 30.89</b>	<b>\$ 30.89</b>
<u>Counsel/Other</u>	<u>Date</u>	<u>Conference</u>	<u>Location</u>	<u>1st quarter</u>	<u>Year to Date</u>
A. Dunning	9/23/2022	CALAPRS Attorneys' Round Table	Virtual	50.00	\$ 50.00
<b>Counsel/Other expense</b>				<b>\$ 50.00</b>	<b>\$ 50.00</b>
<b>TOTAL MCERA Education and Due Diligence Expense</b>				<b>\$ 2,340.25</b>	<b>\$ 2,340.25</b>

**MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
CONTINUING TRUSTEE EDUCATION SUMMARY  
Friday, September 30, 2022**

**24 hours required by December 31, 2022**

Trustee Cooper 52.57

**24 hours required by January 24, 2023**

Trustee Silberstein 63.11

**24 hours required by July 13, 2023**

Trustee Tomlin 25.95

**24 hours required by August 25, 2023**

Trustee Murphy 26.20

**24 hours required by October 17, 2023**

Trustee Klein 22.20

**24 hours required by November 1, 2023**

Trustee Gladstern 25.70

Trustee Poirier 10.20

Trustee Werby 18.70

**24 hours required by January 1, 2024**

Trustee Martinovich 9.75

**24 hours required by April 13, 2024**

Trustee Shaw 8.50

**24 hours required by September 1, 2024**

Trustee Jones 0.50

**24 hours required by September 20, 2024**

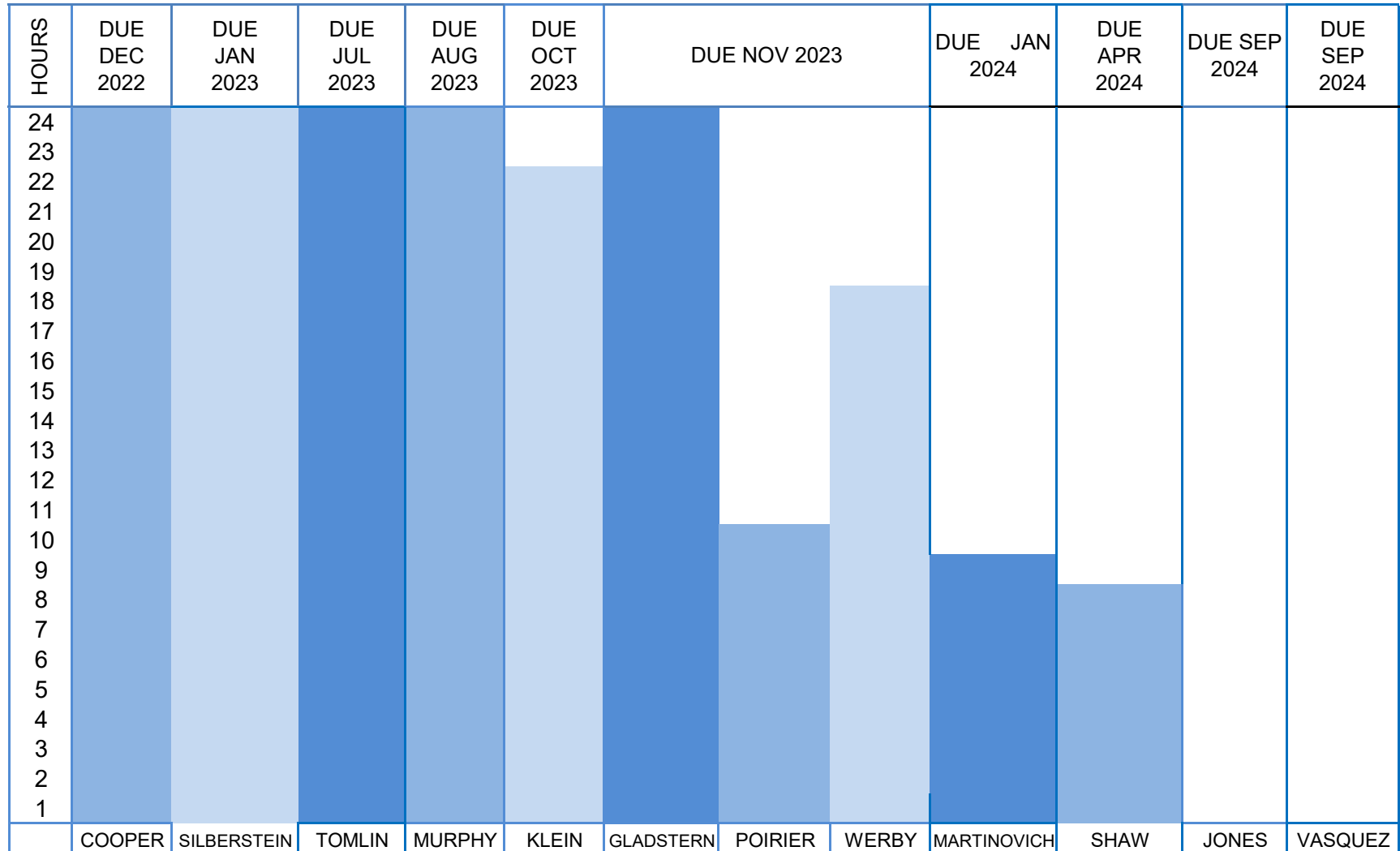
Trustee Vasquez 0.50



E.2.a.3.d

**QUARTERLY SUMMARY CHART**

Friday, September 30, 2022



## E.2.a.3.d

## MCERA CONTINUING TRUSTEE EDUCATION LOG

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 ORGANIZATION	BUDGET & AUDIT PROCEDURES		
24.00	HOURS DUE by >		The later of December 31, 2014, or two years after assuming office, and biannually thereafter.										
			<i>See prior reports by date for earlier data.</i>										
		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							
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			



## E.2.a.3.d

## MCERA CONTINUING TRUSTEE EDUCATION LOG

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 ORGANIZATION	BUDGET & AUDIT PROCEDURES	
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						
1.50	8/18/2020	SACRS	Infrastructure Debt, an Attractive Alternative for Your Fixed Income Portfolio			X						
1.50	8/19/2020	SACRS	The Era After the Coronavirus			X						
1.50	8/20/2020	SACRS	Planning for the Pandemic			X						
2.00	9/30/2020	Nossaman	Public Pensions and Investments Fiduciaries' Forum - Litigation Impacting the Operation of Public Pension Plan Systems	X								
12.75	Hours for Quarter Ending September 30, 2020											
2.00	10/1/2020	Nossaman	Public Pensions and Investments Fiduciaries' Forum - Investment Considerations for Public Pension Plan Investment Officers		X							
2.00	10/2/2020	Nossaman	Public Pensions and Investments Fiduciaries' Forum - Administrative Issues Facing Fiduciaries					X				
3.00	10/23/2020	CalAPRS	Trustee Roundtable - What is the Role of Trustees in Choosing and/or Monitoring Money Managers							X		
2.00	10/23/2020	CalAPRS	Trustee Roundtable - What is the Role of Trustees on Corporate Policies							X		
		SACRS	FALL CONFERENCE									
2.00	11/10/2020	SACRS	Ethics Training for Trustees and Staff							X		
2.00	11/10/2020	SACRS	Sexual Harassment Prevention Training for Local Public Officials							X		
1.00	11/11/2020	SACRS	2020 Vision - The Consequences of the Presidential Election			X						
1.00	11/11/2020	SACRS	California Recovery/COVID-19					X				
2.25	11/11/2020	SACRS	Attorneys Breakout	X								
2.25	11/11/2020	SACRS	Trustee Breakout							X		
1.00	11/12/2020	SACRS	Backable 2.0							X		
1.00	11/12/2020	SACRS	Land of the Free - Home of the Color Brave							X		
1.00	11/12/2020	SACRS	Pandemic Economy: A Perspective Looking Forward			X						
1.00	11/12/2020	SACRS	Aging in America - Current Realities and How Do We Plan for the Future				X					
0.25	12/9/2020	MCERA	Preliminary Actuarial Valuation Results June 30, 2020				X					
0.50	12/9/2020	MCERA	Preliminary Experience Study Report				X					
0.25	12/9/2020	MCERA	GASB 67/68 Report									X
0.25	12/9/2020	MCERA	Audited Financial Statements for Fiscal Year Ending June 30, 2020									X
2.00	12/31/2020	FPPC	Certified Public Service Ethics Education									X
26.75	Hours for Quarter Ending December 31, 2020											
0.50	1/13/2021	MCERA	Experience Study				X					
0.75	2/10/2021	MCERA	Actuarial Valuation Report as of June 30, 2020				X					
0.25	2/10/2021	MCERA	Cost of Living Adjustment				X			X		

## E.2.a.3.d

## MCERA CONTINUING TRUSTEE EDUCATION LOG

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 ORGANIZATION	BUDGET & AUDIT PROCEDURES	
0.50	2/20/2021	MCERA	Form 700 Refresher							X		
		CalAPRS	GENERAL ASSEMBLY									
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												
0.75	4/27/2021	MCERA	Asset-Liability Study Process Overview				X					
0.75	4/27/2021	MCERA	Measuring Pension Liabilities				X					
0.50	4/27/2021	MCERA	Modern Portfolio Theory: How do investment risk and diversification affect returns			X						
0.50	4/27/2021	MCERA	The Case for Reversion to the Mean			X						
1.00	4/27/2021	MCERA	Domestic Equity Structure Review			X						
1.00	4/27/2021	MCERA	Absolute Return - Multi-Asset Class Investments			X						
1.00	4/28/2021	MCERA	Review and Discussion of Operational Performance Measures					X				
1.25	5/10/2021	CalAPRS	Trustees' Round Table - Public Pension Reform: Lessons from Canada for the U.S.					X				
2.25	5/10/2021	CalAPRS	Trustees' Round Table - Understanding the Role of Public Pension Funds in Shareholder Litigation and Other Options for Exercising Shareholder Rights	X								
			SACRS SPRING CONFERENCE									
2.00	5/11/2021	SACRS	Ethics Training for Trustees and Staff							X		
2.00	5/11/2021	SACRS	Sexual Harassment Prevention Training for Local Agency Officials							X		
1.00	5/12/2021	SACRS	General Session - Keynote Speaker David Kelly			X						
1.00	5/12/2021	SACRS	General Session - A CIO Perspective in a Time of Disruption			X						
1.00	5/12/2021	SACRS	General Session - A Private Market Lens into Washington & the Biden Administration			X						

### E.2.a.3.d

MCERA CONTINUING TRUSTEE EDUCATION LOG												
TRUSTEE Master Log				TOPIC								
HOURS	DATE	SPONSOR	EVENT/SEMINAR	PENSION LAW	INVESTMENT PERFORMANCE MEASUREMENT ASSET ALLOCATION AND INVESTMENT MANAGEMENT	EVALUATION AND PROCESS	BENEFITS ADMINISTRATION	DISABILITY RETIREMENT	BOARD GOVERNANCE, ETHICS, & FIDUCIARY ORGANIZATION	BUDGET & AUDIT PROCEDURES		
	5/12/2021	SACRS	BREAKOUT SESSIONS									
2.50	5/12/2021	SACRS	Ops/Benefits & Disability Breakout					X				
2.50	5/12/2021	SACRS	Attorney Breakout	X								
2.50	5/12/2021	SACRS	Internal Auditors Breakout							X		
2.50	5/12/2021	SACRS	Administrators Breakout				X					
2.50	5/12/2021	SACRS	Investment Breakout		X							
2.50	5/12/2021	SACRS	Trustee Breakout						X			
2.50	5/12/2021	SACRS	Safety Breakout				X					
1.00	5/13/2021	SACRS	General Session - Why You Should See the World Through the Eyes of a Bond Investor		X							
1.00	5/13/2021	SACRS	General Session - Diversity Equity and Inclusion						X			
1.00	5/13/2021	SACRS	General Session - How California is Leading the Revolution in Sustainable Energy and the Future of Transportation		X							
	5/13/2021	SACRS	CONCURRENT SESSIONS									
1.00	5/13/2021	SACRS	A - Double Bottom Line: Investing in Your Community - Education on How it can be Done in your Asset Allocation Investment		X							
1.00	5/13/2021	SACRS	B- The Next Stage of PEPPRA: Implementing the Alameda Decision and Update on the Administrative Appeals and Litigation That Have Followed				X					
1.00	5/13/2021	SACRS	C - Cyber Self-Defense, Practical advice to protect your digital life				X					
	5/13/2021	SACRS	CONCURRENT SESSIONS									
1.00	5/13/2021	SACRS	A - What Now for China's Public and Private Equity Markets?		X							
1.00	5/13/2021	SACRS	B - Legislative Update 2021	X								
1.00	5/14/2021	SACRS	General Session - COVID-19 Update				X					
2.00	6/30/2021	Marin County	Preventing Discrimination & Harassment: CA Managers						X			
44.50 Hours for Quarter Ending June 30, 2021												
		Callan	CALLAN NATIONAL CONFERENCE									
1.25	7/20/2021	Callan	Keynote Speaker: Niall Ferguson, MA, D.Phil.		X							
1.25	7/20/2021	Callan	Diversity, Equity and Inclusion Panel						X			
1.25	7/20/2021	Callan	Janet Napolitano		X							
1.00	7/20/2021	Callan	Callan Workshop: The Role of Real Estate and Infrastructure Debt In a Portfolio		X							
1.25	7/21/2021	Callan	Keynote Speaker: Scott Gottlieb, M.D.		X							
1.25	7/21/2021	Callan	Climate Change and the Impact on Capital Markets		X							
1.00	7/21/2021	Callan	Callan Workshop: How to Navigate Your Corporate DB Plan in This Low-Rate Era		X							
1.00	7/21/2021	Callan	Callan Workshop: The Role of Real Estate and Infrastructure Debt In a Portfolio		X							
2.00	7/29/2021	MCERA	Sexual Harassment Prevention Education						X			



## E.2.a.3.d

## MCERA CONTINUING TRUSTEE EDUCATION LOG

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 ORGANIZATION	BUDGET & AUDIT PROCEDURES	
	10/29/2021	CalAPRS	Topic #2 - Climate Change and Fiduciary Responsibility									
2.33	10/29/2021	CalAPRS	Trustees' Round Table - How Trustees Can Exert Leadership in the Investment Arena:							X		
	10/29/2021	CalAPRS	Topic #1 - Racial Justice - Emerging Managers - DEI Initiatives									
	10/29/2021	CalAPRS	Topic #2 - Sustainable and Initiatives for Impact by State Treasurers for Pension Plans									
		SACRS	Fall Conference									
2.00	11/9/2021	SACRS	Ethics Training for Trustees and Staff							X		
2.00	11/9/2021	SACRS	Sexual Harassment Prevention Training for Local Agency Officials							X		
1.50	11/10/2021	SACRS	Perseverance and Triumph							X		
1.00	11/10/2021	SACRS	What Can We Learn From Each Other?							X		
1.00	11/10/2021	SACRS	Best Team Ever: The Surprising Science of High-Performing Teams							X		
	11/10/2021	SACRS	Concurrent Sessions:									
2.50	11/10/2021	SACRS	Administrators Breakout					X				
2.50	11/10/2021	SACRS	Attorneys Breakout	X								
2.50	11/10/2021	SACRS	Internal Auditors Breakout								X	
2.50	11/10/2021	SACRS	Investment Breakout			X						
2.50	11/10/2021	SACRS	Operations/Benefits Breakout					X				
2.50	11/10/2021	SACRS	Safety Breakout					X				
2.50	11/10/2021	SACRS	Trustee Breakout							X		
1.25	11/11/2021	SACRS	Keynote: NOT Your Standard Economic Update...The Big Questions of the Day Post COVID			X						
1.00	11/11/2021	SACRS	Transitioning to a Low Carbon Economy			X						
1.00	11/11/2021	SACRS	Mega Trends Impacting Urban Real Estate			X						
	11/11/2021	SACRS	Concurrent Sessions:									
1.00	11/11/2021	SACRS	A - The "B" Word; Institutional Considerations for Exploring Bitcoin & Cryptocurrency Adoption			X						
1.00	11/11/2021	SACRS	B - Capitalizing on Controversy: Demystifying SPACs and PIPEs			X						
1.00	11/11/2021	SACRS	C - Diversification vs. Overconfidence			X						
	11/11/2021	SACRS	Concurrent Sessions:									
1.00	11/11/2021	SACRS	Why Infrastructure Debt & Equity Investing Makes Sense for Public Pensions			X						
1.00	11/11/2021	SACRS	SACRS Legislative Update 2021	X								
1.00	11/11/2021	SACRS	Real Estate Private Credit - Who Says You Can't Have It All?			X						
		Nossaman	Public Pensions & Investments Fiduciaries' Forum									
2.00	12/6/2021	Nossaman	Litigation Impacting the Operation of Public Pension Systems	X								
2.00	12/6/2021	Nossaman	Investment Considerations for Public Plan Investment Officers	X								
2.00	12/6/2021	Nossaman	Administrative Issues Facing Fiduciaries							X		
0.25	12/15/2021	MCERA	GASB 67/68 Report				X					



## E.2.a.3.d

## MCERA CONTINUING TRUSTEE EDUCATION LOG

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 ORGANIZATION	BUDGET & AUDIT PROCEDURES	
0.20	12/15/2021	MCERA	Audited Financial Statements as of June 30, 2021									X
<b>52.44 Hours for Quarter Ending December 31, 2021</b>												
1.00	1/12/2022	MCERA	Preliminary Valuation Results				X					
2.00	1/24/2022	FPPC	Public Service Ethics Education							X		
2.00	2/8/2022	FPPC	Public Service Ethics Education							X		
0.75	2/9/2022	MCERA	Actuarial Valuation Report as of June 30, 2021				X					
2.00	2/25/2022	FPPC	Public Service Ethics Education							X		
<b>7.75 Hours for Quarter Ending March 31, 2022</b>												
2.00	4/18/2022	FPPC	Public Service Ethics Education							X		
2.00	4/20/2022	FPPC	Public Service Ethics Education							X		
1.25	4/26/2022	Callan	National Conference - Keynote Speaker Bob Woodward			X						
1.25	4/26/2022	Callan	National Conference - The Global Energy Challenge for Investors							X		
1.00	4/26/2022	Callan	National Conference - Shawn Achor					X				
1.00	4/26/2022	Callan	National Conference - Evaluating Total Fund Leverage Strategies			X						
1.25	4/27/2022	Callan	National Conference - Keynote Speaker Anja Manuel			X						
1.25	4/27/2022	Callan	National Conference - Capital Markets Panel			X						
1.00	4/27/2022	Callan	National Conference - Joan Higginbotham			X						
1.00	4/27/2022	Callan	National Conference - Evaluating Total Fund Leverage Strategies			X						
1.00	4/27/2022	Callan	National Conference - DEI: Taking Action, Measuring Progress							X		
0.75	4/29/2022	CalAPRS	Trustees' Roundtable - Introduction to Private Equity			X						
0.75	4/29/2022	CalAPRS	Trustees' Roundtable - PE Economics & Fees - Fund Life Cycle & Fees		X							
0.75	4/29/2022	CalAPRS	Trustees' Roundtable - Regulatory, Governance & Legal	X								
0.75	4/29/2022	CalAPRS	Trustees' Roundtable - Fund Selection & Portfolio Construction			X						
0.75	4/29/2022	CalAPRS	Trustees' Roundtable - Measuring Performance - Monitoring Life Cycle		X							
0.75	4/29/2022	CalAPRS	Trustees' Roundtable - Measuring Performance - PE Resourcing & Trends		X							
		SACRS	SPRING CONFERENCE									
2.00	5/10/2022	SACRS	Ethics Training for Trustees and Staff							X		
2.00	5/10/2022	SACRS	Sexual Harassment Prevention Training for Local Agency Officials							X		
1.00	5/11/2022	SACRS	General Session: Leadership in the Toughest of Times with Keisha Lance Bottoms							X		
1.00	5/11/2022	SACRS	General Session: Inflation: What It Is, Where It's Coming From, and What It Means for Your Retirement Plan					X				
1.00	5/11/2022	SACRS	General Session: Crypto 101: Everything You Wanted to Know but are Afraid to Ask			X						
	5/11/2022	SACRS	CONCURRENT SESSIONS									
2.50	5/11/2022	SACRS	Administrator's Breakout					X				
2.50	5/11/2022	SACRS	Investment Breakout			X						
2.50	5/11/2022	SACRS	Operations-Benefits Breakout					X				
2.50	5/11/2022	SACRS	Safety Breakout					X				

## E.2.a.3.d

## MCERA CONTINUING TRUSTEE EDUCATION LOG

MCERA CONTINUING TRUSTEE EDUCATION LOG												
TRUSTEE Master Log				TOPIC								
HOURS	DATE	SPONSOR	EVENT/SEMINAR	PENSION LAW	INVESTMENT PERFORMANCE MEASUREMENT	ASSET ALLOCATION AND INVESTMENT MANAGEMENT	EVALUATION AND PROCESS	BENEFITS ADMINISTRATION	DISABILITY RETIREMENT	BOARD GOVERNANCE, ETHICS, & FIDUCIARY ORGANIZATION	BUDGET & AUDIT PROCEDURES	
2.50	5/11/2022	SACRS	Trustee Breakout							X		
1.25	5/12/2022	SACRS	Keynote Speaker: Perspectives on the Russia-Ukraine Invasion with General David Petraeus			X						
1.00	5/12/2022	SACRS	General Session: The Future of Business in the Metaverse Economy			X						
1.00	5/12/2022	SACRS	General Session: Navigating China, and Why It Matters			X						
	5/12/2022	SACRS	CONCURRENT SESSIONS									
1.00	5/12/2022	SACRS	A - Investing in Crypto Currency: A Public Fund Roadmap			X						
1.00	5/12/2022	SACRS	B - Impact Investing and Affordable Housing			X						
1.00	5/12/2022	SACRS	C - Sacramento CERS Spotlight					X				
1.00	5/12/2022	SACRS	A - Private Credit Outlook: Key Trends and the Road Ahead			X						
1.00	5/12/2022	SACRS	B - SACRS 2022 Legislative Update	X								
1.00	5/12/2022	SACRS	C - Inflation Part II: Investment Risk and Opportunities in an Inflationary Environment			X						
1.00	5/16/2022	MCERA	China Investment Considerations			X						
1.00	5/16/2022	MCERA	Inflation: A Historical Perspective and Looking Forward			X						
1.00	5/16/2022	MCERA	COVID-19 Mortality Impacts and Projections				X					
1.00	5/16/2022	MCERA	Tail Risk Hedging			X						
1.00	5/17/2022	MCERA	Meet MCERA Members					X				
1.00	5/15/2022	MCERA	MCERA Retiree Population by Geography and Economic Impact					X				
2.00	6/30/2022	California	Sexual Harassment and Abusive Conduct Prevention Training (Department of Fair Employment and Housing)							X		
51.25 Hours for Quarter Ending June 30, 2022												
2.00	9/2/2022	California	Sexual Harassment and Abusive Conduct Prevention Training (Department of Fair Employment and Housing)							X		
1.00	9/21/2022	CII	2:15 to 3:15 pm - Decarbonizing Emerging Markets			X						
1.00	9/21/2022	CII	2:15 to 3:15 pm - End to End Vote Confirmation Process							X		
1.00	9/21/2022	CII	2:15 to 3:15 pm - Responsible Investment in Residential Real Estate			X						
0.50	9/21/2022	CII	Plenary 1 - Exploring Empirical Evidence on ESG and Corporate Performance							X		
0.75	9/21/2022	CII	Plenary 2 - Navigating Global Conflict & Geopolitical Risk: Takeaways for Boards and Investors			X						
0.75	9/22/2022	CII	Plenary 3 - The Governance Gap: Spotlight on Small- and Mid-Cap Companies							X		
0.50	9/22/2022	CII	Plenary 4 - What's Next for the PCAOB							X		
1.00	9/22/2022	CII	Breakout Session 1: Strategies to Incorporate ESG into Fund Due Diligence and Contracts							X		
1.00	9/22/2022	CII	Breakout Session 2: The Public/Private Company Divide on Disclosure							X		
1.25	9/22/2022	CII	Plenary 5 - The Road Ahead for the U.S. & Global Economy			X						

### E.2.a.3.d

MCERA CONTINUING TRUSTEE EDUCATION LOG												
TRUSTEE												
Master Log												
HOURS	DATE	SPONSOR	EVENT/SEMINAR	TOPIC								
				PENSION LAW	INVESTMENT PERFORMANCE MEASUREMENT	ASSET ALLOCATION AND INVESTMENT MANAGEMENT	ACTUARIAL EVALUATION AND PROCESS	BENEFITS ADMINISTRATION	DISABILITY RETIREMENT	BOARD GOVERNANCE, ETHICS, & FIDUCIARY ORGANIZATION	BUDGET & AUDIT PROCEDURES	
1.00	9/22/2022	CII	1:45 to 2:45 pm - London Calling: Why Can't We be Tougher on Executive Pay Across the Pond?								X	
1.00	9/22/2022	CII	1:45 to 2:45 pm - Using System-Level Investing & Engagement to Mitigate E&S Threats to Markets								X	
1.00	9/22/2022	CII	1:45 to 2:45 pm - The Materiality of Labor Rights: Research & Experience from the US and Europe								X	
0.75	9/22/2022	CII	Plenary 6 - ESG & Private Markets: Reporting and Integration Strategies			X						
0.75	9/22/2022	CII	Plenary 7 - Washington Outlook: The SEC and Congress	X								
1.00	9/23/2022	CII	9 to 10 am - Aligning Investment Activity With Sustainable Development Goals								X	
1.00	9/23/2022	CII	9 to 10 am - Cyber-Risk in "Plain English" - No Acronyms Allowed					X				
1.00	9/23/2022	CII	9 to 10 am - What Does the Infrastructure Investment and Jobs Act Bill Mean for Investors?			X						
0.75	9/23/2022	CII	Plenary 8 - International Governance Committee - Emerging Markets: Investment & Governance								X	
0.50	9/23/2022	CII	Plenary 9 - Shareholder Advocacy Committee - New Research on Engagement to Mitigate Climate Risks								X	
0.50	9/28/2022	MCERA	Investment Committee - Fixed Income Structure			X						
20.00 Hours for Quarter Ending September 30, 2022												

## E.2.a.3.e

MCERA Investment Manager Capital Calls, Distributions, Uncalled Capital, Net Asset Value & Other Transfers  
FY22/23 Quarter Ending September 30, 2022

### INVESTMENT: PRIVATE EQUITY

Abbott Fund VI							
Quarter				Since Inception			March 31, 2022
Date	Capital Call	Distribution	Initial Commitment	Paid-in Capital	Distributions	Uncalled Capital	Net Asset Value
			100,000,000				
Total	0	0	100,000,000	99,500,000	151,700,113	500,000	46,993,410

Abbott Fund VII							
Quarter				Since Inception			March 31, 2022
Date	Capital Call	Distribution	Initial Commitment	Paid-in Capital	Distributions	Uncalled Capital	Net Asset Value
			35,000,000				
7/27/2022		(1,750,000)					
9/20/2022		(1,400,000)					
Total	0	(3,150,000)	35,000,000	34,650,000	35,228,023	350,000	52,814,849

Abbott Investors 2016							
Quarter				Since Inception			March 31, 2022
Date	Capital Call	Distribution	Initial Commitment	Paid-in Capital	Distributions	Uncalled Capital	Net Asset Value
			50,000,000				
9/21/2022		(1,050,000)					
Total	0	(1,050,000)	50,000,000	48,861,242	20,887,500	1,138,758	74,093,518

Abbott Investors 2017							
Quarter				Since Inception			March 31, 2022
Date	Capital Call	Distribution	Initial Commitment	Paid-in Capital	Distributions	Uncalled Capital	Net Asset Value
			15,000,000				
Total	0	0	15,000,000	12,573,752	3,388,125	2,426,248	20,875,822

Abbott Investors 2021							
Quarter				Since Inception			March 31, 2022
Date	Capital Call	Distribution	Initial Commitment	Paid-in Capital	Distributions	Uncalled Capital	Net Asset Value
			25,000,000				
8/11/2022	1,825,000						
Total	1,825,000	0	25,000,000	5,443,436	0	19,556,564	6,057,197

Total Abbott Commitment	1,825,000	(4,200,000)	225,000,000	201,028,430	211,203,761	23,971,570	200,834,796
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### INVESTMENT: PRIVATE EQUITY

Pathway Fund 2008							
Quarter				Since Inception			March 31, 2022
Date	Capital Call	Distribution	Initial Commitment	Paid-in Capital	Distributions	Uncalled Capital	Net Asset Value
			100,000,000				

## E.2.a.3.e

MCERA Investment Manager Capital Calls, Distributions, Uncalled Capital, Net Asset Value & Other Transfers  
FY22/23 Quarter Ending September 30, 2022

7/29/2022  
9/30/2022

(768,999)  
(1,413,592)

<b>Total</b>	<b>0</b>	<b>(2,182,591)</b>	<b>100,000,000</b>	<b>99,712,703</b>	<b>160,357,737</b>	<b>9,592,339</b>	<b>67,349,058</b>
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Pathway Fund I7-3							
Quarter				Since Inception			March 31, 2022
Date	Capital Call	Distribution	Initial Commitment	Paid-in Capital	Distributions	Uncalled Capital	Net Asset Value
			35,000,000				
7/29/2022		(424,853)					
8/31/2022		(745,047)					
9/30/2022		(721,448)					
<b>Total</b>	<b>0</b>	<b>(1,891,346)</b>	<b>35,000,000</b>	<b>34,449,791</b>	<b>36,173,086</b>	<b>2,831,239</b>	<b>43,382,471</b>

Pathway Fund I8-9							
Quarter				Since Inception			March 31, 2022
Date	Capital Call	Distribution	Initial Commitment	Paid-in Capital	Distributions	Uncalled Capital	Net Asset Value
			50,000,000				
7/29/2022		(432,461)					
8/11/2022		(496,621)					
9/30/2022		(599,686)					
<b>Total</b>	<b>0</b>	<b>(1,528,768)</b>	<b>50,000,000</b>	<b>43,022,712</b>	<b>22,095,945</b>	<b>8,998,983</b>	<b>77,494,806</b>

Pathway Fund I9-3							
Quarter				Since Inception			March 31, 2022
Date	Capital Call	Distribution	Initial Commitment	Paid-in Capital	Distributions	Uncalled Capital	Net Asset Value
			15,000,000				
<b>Total</b>	<b>0</b>	<b>0</b>	<b>15,000,000</b>	<b>10,556,093</b>	<b>1,978,514</b>	<b>4,922,708</b>	<b>17,522,349</b>

Pathway Fund I10-10							
Quarter				Since Inception			March 31, 2022
Date	Capital Call	Distribution	Initial Commitment	Paid-in Capital	Distributions	Uncalled Capital	Net Asset Value
			25,000,000				
8/16/2022	1,280,357						
<b>Total</b>	<b>1,280,358</b>	<b>0</b>	<b>25,000,000</b>	<b>10,232,228</b>	<b>293,843</b>	<b>15,044,792</b>	<b>12,881,973</b>
<b>Total Pathway Commitment</b>	<b>1,280,357</b>	<b>(5,602,703)</b>	<b>225,000,000</b>	<b>197,973,527</b>	<b>220,899,125</b>	<b>41,390,061</b>	<b>218,630,657</b>
<b>Total Private Equity</b>	<b>3,105,357</b>	<b>(9,802,703)</b>	<b>450,000,000</b>	<b>399,001,957</b>	<b>432,102,886</b>	<b>65,361,631</b>	<b>419,465,453</b>

INVESTMENT: OPPORTUNISTIC

CarVal Credit Value V
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## E.2.a.3.e

MCERA Investment Manager Capital Calls, Distributions, Uncalled Capital, Net Asset Value & Other Transfers  
FY22/23 Quarter Ending September 30, 2022

Quarter				Since Inception			June 30, 2022
Date	Capital Call	Distribution	Initial Commitment	Paid-in Capital	Distributions	Uncalled Capital	Net Asset Value
			33,500,000				
Total	0	0	33,500,000	15,147,955	0	18,425,000	15,138,327

Fortress Credit Opps Value V							
Quarter				Since Inception			June 30, 2022
Date	Capital Call	Distribution	Initial Commitment	Paid-in Capital	Distributions	Uncalled Capital	Net Asset Value
			33,000,000				
Total	0	0	33,000,000	11,378,672	2,142,541	23,377,282	10,721,890

Varde Dislocation Fund							
Quarter				Since Inception			June 30, 2022
Date	Capital Call	Distribution	Initial Commitment	Paid-in Capital	Distributions	Uncalled Capital	Net Asset Value
			33,500,000				
Total	0	0	33,500,000	26,632,500	0	6,867,500	26,563,091
Total Opportunistic	0	0	100,000,000	53,159,127	2,142,541	48,669,782	52,423,308

Note:

Private Equity Net Asset Values are as of March 31, 2022 as reported in the Callan report as of June 30, 2022.


### OTHER TRANSFERS and PORTFOLIO REBALANCE

Transfers, Redemptions and Dividends through September 30, 2022

DIVIDENDS	
MCRI - UBS Trumbull Property Fund	
Date	Amount
7/26/2022	(754,452)
Total	(754,452)
MCRI - AEW Core Property	
Date	Amount
8/11/2022	(1,024,757)
Total	(1,024,757)

November 10, 2022

To: Finance and Risk Management Committee  
Marin County Employees' Retirement Association (MCERA)

From: Jeff Wickman   
Retirement Administrator

Subject: Outsourced Chief Information Security Officer (CISO)

### Background

In May 2019, the Committee authorized the Retirement Administrator to engage a firm to conduct a Cybersecurity Risk Assessment on business systems and facilities that supported MCERA's operations. In July 2019 MCERA engaged Linea Secure to conduct the risk assessment.

Linea Secure presented their Cybersecurity Risk Assessment report to the Finance and Risk Management Committee in August 2020 in Closed Session. The report identified five high priority items that were immediately addressed by MCERA in addition to 28 medium priority items that were recommended for action. The medium priority items focused on having proper controls in place to manage security. At the Committee's request Linea Secure developed a priority order for items that should be addressed from the assessment.

In November 2020, the Committee authorized the Retirement Administrator to engage Linea Secure to assist with implementing the recommendations from the risk assessment, creation of an Incident Response Plan and a System Security Plan based on National Institute of Standards and Technology (NIST) standards.

### Initial Assessment

The following services were completed during the initial cybersecurity assessment:

- Risk Assessment
- Penetration testing
- Code Review

### Remediation Services

These services were performed to address the vulnerabilities that were uncovered:

- Development of cybersecurity policies specific to MCERA's business operations
- Development of an Incident Response Plan to manage cybersecurity events that occur
- Development of a System Security Plan for the CPAS pension administration system

## E.2.a.3.i

To stay current on cybersecurity MCERA should consider conducting the following activities on an annual basis:

- Continuous Security Scanning of MCERA's technology environment
- Maintenance of the Security Assessment Report updated to reflect evolving vulnerabilities
- Maintenance and testing of the Incident Response Plan
- 3rd Party Security Reviews to ensure that key vendors implement and maintain protections that are required to safeguard the confidentiality of MCERA's information

### **Recommendation**

Linea Secure has prepared a statement of work (attached) for providing MCERA with a Chief Information Security Officer (CISO) as an outsourced service. Linea Secure would conduct the assessments listed above which would help alleviate potential resources conflicts if MCERA's staff were to be required to conduct these activities. Conducting these assessments involves work with internal staff, Marin County Information Technology Services, and key third-party vendors such as Avenu, and staff believes that having an expert third party working with them will expedite the assessments and help address issues that may be beyond the expertise of our team.

It is staff's recommendation that the Committee direct the Retirement Administrator to develop and enter into an agreement with Linea Secure to provide outsourced CISO services for MCERA using the authority to enter into agreements delegated to him by the Board. If MCERA moves to provide a portal into its pension administration system, where members and retirees can access and potentially update specific data elements, having access to a CISO will be critical for addressing and managing the risks associated with adding this service.





## Chief Information Security Officer as a Service

### 1 SCOPE DEFINITION

This Statement of Work outlines Linea Secure's proposed scope of services in support of Marin County Employees' Retirement Associations' fiduciary responsibilities for securing and protecting the confidentiality, integrity, and availability of member records and the protection of business processes that could be fraudulently compromised.

#### 1.1 Background

Marin County Employees' Retirement Association (MCERA) requires the expertise of a cybersecurity consulting firm to assist them in implementing and assessing cybersecurity controls that MCERA has adopted to improve the security and reduce the risks to systems managed by the association. MCERA has decided to follow the National Institute of Standards and Technology (NIST) Cyber Security Framework, and more specifically the 800-53 Rev. 4 cybersecurity controls for a moderate classification for the systems in operation.

MCERA also engaged Linea Secure to mitigate security risks identified during the cybersecurity assessment of the organization, develop an Incident Response Plan, and to develop a System Security Plan for the CPAS system.

The cost is a subscription to the service at the beginning of the execution period. It also provides for any consultant that Linea Secure will utilize that possess the expertise to provide the required services to MCERA.

#### 1.2 Chief Information Security Officer (CISO) as a Service

Linea provides CISO as a Service to help our clients achieve and maintain a level of cybersecurity compliance and capabilities that they are unable to attain on their own. CISO as a Service provides MCERA with a broad array of cybersecurity services that should normally be performed during a standard cybersecurity maintenance cycle.

#### 1.3 Tasks Performed Under CISO as a Service

Linea will apply a pension fund-based approach to cybersecurity to examine the business processes at MCERA to uncover risks and vulnerabilities that should be addressed. Linea Secure's deliverables for the CISO as a Service offering will be a suite of tasks and services conducted in the sections below:

##### 1.3.1 Security Scanning

Linea will perform internal security scans and testing of the internal MCERA network to identify vulnerabilities that may exist in the technology elements that remain on premise.

**1.3.2 Security Assessment Report (SAR)**

We will produce an internal security assessment report that will detail cybersecurity vulnerabilities that may affect MCERA, the severity of the vulnerabilities, and steps to mitigate them.

**1.3.3 Maintenance and Testing of Incident Response Plan**

Linea will assist with the implementation, review, and update the MCERA Incident Response Plan that was developed previously and perform testing of the plan with MCERA staff.

**1.3.4 Maintenance and Testing of System Security Plans**

Linea will review, update, and maintain the System Security Plan that were developed for the CPAS system. We will review and update Avenu's security position including their SOC and security reports.

**1.3.5 3<sup>rd</sup> Party Security Reviews**

Linea will assess the security controls used by third party suppliers or supply chain vendors such as the actuary or investment managers that manage assets on MCERA behalf. Linea will create a security questionnaire for MCERA to provide to supply chain vendors to complete, review the responses and report our review to MCERA management.

**1.3.6 Security Awareness and Training**

Linea will design, create, and execute a security awareness and training program for MCERA staff. Linea will conduct at least 1 annual training event for all staff and contractors with access to MCERA systems. Linea will conduct monthly internal phishing campaigns on MCERA staff to continually educate on attempts to compromise their accounts and provide automated follow up training to those that require it.

**1.3.7 Detailed Cyberscore**

Based on the information generated from the tasks above, Linea will create a Cyberscore for MCERA that will be comprised of the security elements and controls used, the results obtained, and threats uncovered and mitigated. The score will range from 350 – 850 reflecting MCERA cybersecurity compliance and maturity.

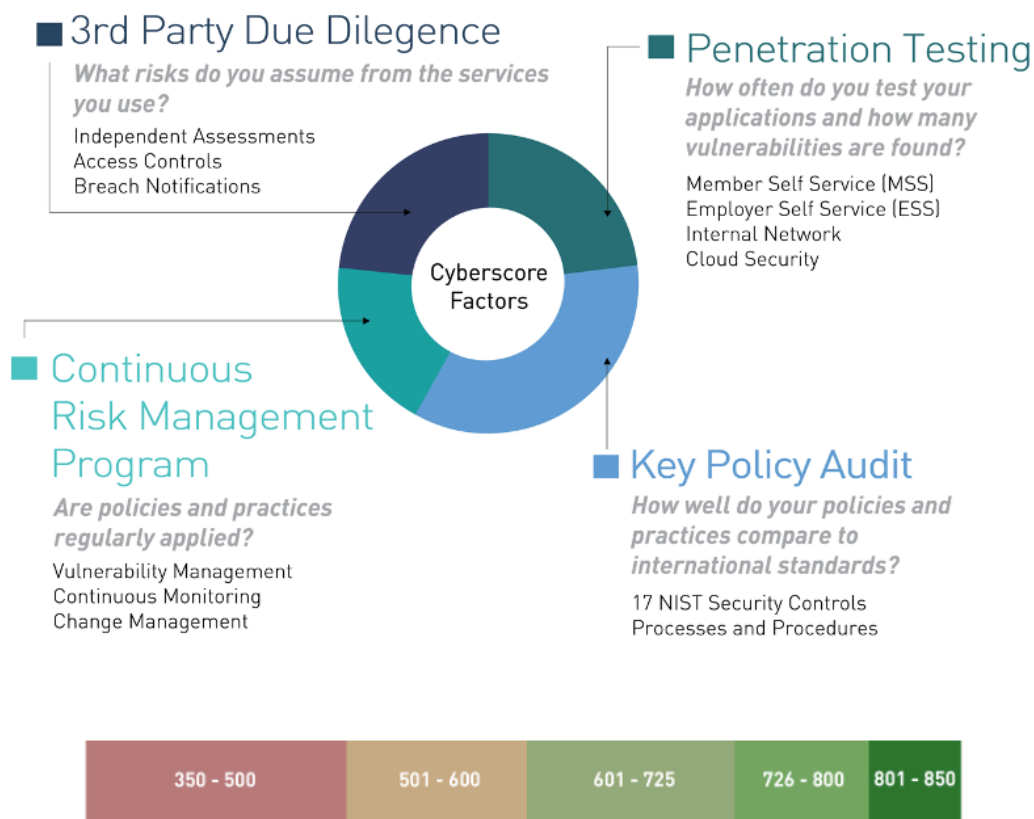


Figure 1 Cyberscore Components

## 2 PROPOSED APPROACH

Linea proposes to assign one Executive Principal Cybersecurity Consultant, one Senior Cybersecurity Consultant, and one Cybersecurity Associate to the Cybersecurity CISO as a Service engagement. Linea Secure has multiple, experienced, and qualified staff that can perform these services and the specific staff assigned will be determined at a later date in conjunction with MCERA. Other consultants with particular areas of specialty will be brought in when needed. This work will be performed on a schedule agreed to by the parties, along the timelines outlined in the following section.

## 3 SERVICE EXPECTATIONS

### 3.1 Resource Requirements and Timeline

Linea Secure is made up of a team of cybersecurity consultants that are experts in both cybersecurity and pension fund operations. As such, we expect to draw from various resources on our staff as needed. For the Client effort in this Statement of Work, Linea Secure intends to assign the three key consultants prior to the commencement of this work and intends to use



those same consultants throughout the duration of the Statement of Work, unless for reasons outside of Linea Secure's control.

The timeline of the work will take the following form, with start date and exact timelines to be determined and agreed to by the parties.

### 3.1.1 CISO as a Service

- Kickoff week, consisting of meetings and activities including:
  - Service kickoff and scoping session
  - Information gathering and document review
  - Scheduling of recurring meetings
- The week following the kickoff (or closely thereafter), Linea Secure will install security scanning software on the MCERA network and perform a review of current cybersecurity efforts
- Approximately two weeks after the scanning software is installed Linea will review results with MCERA
- Approximately 1-2 weeks after reviewing the scanning software results Linea will develop and present a plan to MCERA for the sequencing of the remaining tasks

### 3.2 Key Assumptions

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Linea Secure will require the following to meet the Client's expectations:

1. Client subject matter experts are available to meet on the phone or through video conference on relative short notice, as needed, and are willing to reasonably cooperate with any questions or requests made
2. The work is expected to be done remotely by Linea Secure consultants, utilizing video conferencing and secure document sharing capabilities
3. Client subject matter experts are expected to have equipment capable of participating in video conferences and viewing documents
4. Project Sponsors and any staff assigned to this project that will be approving deliverables will be able to review and accept the deliverable in timely fashion
5. Deliverables will be submitted first in draft form. Prior to submission of the initial drafts, Linea Secure will review an outline or framework of the deliverables to ensure greater alignment of expectations. Deliverables will then go through no more than 2 more drafts before being delivered as approved.



#### 4. Linea Secure's Cost

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Total annual compensation under this Statement of Work is \$50,000<sup>1</sup> unless modified by a written and approved amendment to this Statement of Work. The cost proposed includes travel to MCERA headquarters if required, but at this time it is expected that most of the services required to be performed in this proposal will be accomplished remotely.

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<sup>1</sup> Cost does not include other applicable taxes.

#### **E.2.a.4 Annual Audit of Financial Statements Update**

This is a discussion with no backup.

# RESULTS OF MCERA'S FINANCIAL STATEMENT AUDIT

**for the Fiscal Year Ended  
June 30, 2022**



BROWN ARMSTRONG ACCOUNTANCY CORPORATION  
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Neeraj Datta, CPA, CGMA | [ndatta@ba.cpa](mailto:ndatta@ba.cpa)



December 7, 2022

Audit Committee  
Marin County Employees' Retirement Association  
One McInnis Parkway, Suite 100  
San Rafael, CA 94903

We are pleased to present to you the results of our audit of the Marin County Employees' Retirement Association (MCERA) financial statements for the fiscal year ended June 30, 2022.

We look forward to presenting the results of the audit and addressing your questions.

Sincerely,  
Andrew J. Paulden, CPA  
*Managing Partner*

Neeraj Datta, CPA, CGMA,  
*Audit Engagement Partner*

BROWN ARMSTRONG ACCOUNTANCY CORPORATION





# AGENDA

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SCOPE OF SERVICES RECAP

4

AUDIT TIMELINE & CRITICAL DATES LIST

5

AUDIT AREAS OF FOCUS

- Significant Risk Areas
- Significant Audit Areas

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7

RESULTS OF THE AUDIT

- Audit Opinion and Required Communication

9

10

FINANCIAL STATEMENT REVIEW PROCESS

11

QUESTIONS?



# SCOPE OF SERVICES

**Audit of MCERA's financial statements** in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards (GAS), issued by the Comptroller General of the United States

Other **communications and reports** required by professional standards including:

- Required Communication at the Conclusion of an Audit in Accordance with Professional Standards (SAS 114)
- Report on Internal Control Over Financial Reporting and on Compliance and Other Matters in Accordance with GAS
- Agreed Upon Conditions Report Designed to Improve Efficiency, Internal Controls, and/or Financial Reporting (Management Letter)



# AUDIT TIMELINE & CRITICAL DATES

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- First Week of Fieldwork (Remote) – August 1, 2022
  - Testing of Internal Controls
  - Walkthroughs and Understanding of Key Accounting Areas
  - Update Minutes and Agreements
- Second Week of Fieldwork (Onsite) – October 17, 2022
  - Substantiate all Accounts and Balances
  - Review Confirmation Responses
- Financial Statement Review and Draft Reports – November 2022
- Draft reports presentation to Audit Committee – December 7, 2022

# AUDIT AREAS OF FOCUS

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SIGNIFICANT RISK AREA	BROWN ARMSTRONG'S RESPONSE
Revenue recognition	<ul style="list-style-type: none"><li>• Test of controls was performed over contribution amounts as part of participant data</li><li>• Confirmations from third parties</li><li>• Other substantive analytics were also performed</li></ul>
Management override of controls	<ul style="list-style-type: none"><li>• An understanding of controls over journal entries was obtained and a sample testing of individual journal entries was performed</li><li>• Inquiries performed with individual(s) involved in the financial reporting process, and ensuring no inappropriate or unusual activity was noted relating to journal entry processing</li><li>• Performed walkthroughs of significant audit areas to review adequate segregation of duties</li></ul>

# AUDIT AREAS OF FOCUS (CONTINUED)

SIGNIFICANT AUDIT AREA	BROWN ARMSTRONG'S RESPONSE
Investments and related earnings	<ul style="list-style-type: none"><li>• Walkthrough of controls performed</li><li>• High level analytics performed on investment income</li><li>• Confirmation with custodian, investment manager, and consultant</li><li>• Reviewed GASB Statement No. 72 valuation inputs and testing of level determinations</li><li>• Obtained audited financial statements and SOC reports</li></ul>
Employer and employee contributions	<ul style="list-style-type: none"><li>• Walkthrough and test of controls</li><li>• Testing of contributions</li><li>• High level analytics</li></ul>



# AUDIT AREAS OF FOCUS (CONTINUED)

SIGNIFICANT AUDIT AREA	BROWN ARMSTRONG'S RESPONSE
Participant data and actuary	<ul style="list-style-type: none"><li>• Walkthrough and test of controls</li><li>• Testing of participant data, including active and terminated members, and employer payroll<ul style="list-style-type: none"><li>◦ Confirmed with actuary, employers, and sample of participants</li></ul></li><li>• GASB Statement No. 67<ul style="list-style-type: none"><li>◦ Money-weighted return</li><li>◦ RSI and other information schedules</li></ul></li></ul>
Benefit payments	<ul style="list-style-type: none"><li>• Walkthrough and test of controls</li><li>• Testing of benefit payments</li><li>• High level analytics</li></ul>





REPORT	SUMMARY OF OPINION / REQUIRED COMMUNICATION
Report on Financial Statements (Opinion)	<ul style="list-style-type: none"><li>• Unmodified (Clean)</li><li>• Changes to structure of report due to SAS 134 implementation</li></ul>
Required Communication to the Board of Retirement and Audit Committee in Accordance with Professional Standards (SAS 114)	<ul style="list-style-type: none"><li>• New Accounting Standards Implemented - GASB 87 <i>Leases</i></li><li>• Significant Estimates and Sensitive Disclosures Reviewed<ul style="list-style-type: none"><li>◦ Fair Value of Investments</li><li>◦ Contributions and Net Pension Liability Estimates<ul style="list-style-type: none"><li>▪ Based on actuary assumptions</li></ul></li></ul></li><li>• Corrected and Uncorrected Misstatements – None</li><li>• Disagreements with Management – None</li></ul>
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	<ul style="list-style-type: none"><li>• No noncompliance noted</li><li>• No material weaknesses, significant deficiencies, or control deficiencies identified</li></ul>
Agreed Upon Conditions Report Designed to Improve Efficiency, Internal Controls, and/or Financial Reporting (Management Letter)	<ul style="list-style-type: none"><li>• Agreed Upon Condition 1 – Contributions Error</li><li>• Agreed Upon Condition 2 – Deceased Member Follow Up</li><li>• Agreed Upon Condition 3 – Benefit Payment Tax Withholding</li></ul>

# RESULTS OF THE AUDIT



# FINANCIAL STATEMENT REVIEW PROCESS

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- Review Process
  - Administrative Review
  - Engagement Team Review
  - GFOA Review
  - Quality Control Review



# THANK YOU! QUESTIONS?



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**MARIN COUNTY EMPLOYEES'  
RETIREMENT ASSOCIATION**

**REPORTS TO THE BOARD OF RETIREMENT  
AND AUDIT COMMITTEE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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### MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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### **REQUIRED COMMUNICATION TO THE BOARD OF RETIREMENT AND AUDIT COMMITTEE IN ACCORDANCE WITH PROFESSIONAL STANDARDS (SAS 114)**

To the Board of Retirement and Audit Committee of  
Marin County Employees' Retirement Association  
San Rafael, California

We have audited the basic financial statements, and the schedule of cost sharing employer allocations and the schedule of employer pension amounts allocated by cost sharing plan totals for all entities of the columns titled net pension liability (asset), total deferred outflows of resources, total deferred inflows of resources, and total pension expense excluding that attributable to employer-paid member contributions (specified column totals), referred to as the other information, of the Marin County Employees' Retirement Association (MCERA) for the fiscal year ended June 30, 2022. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our scope of services to you dated \_\_\_\_\_, 2022. Professional standards also require that we communicate to you the following information related to our audit.

#### **Significant Audit Matters**

##### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by MCERA are described in Note 2, Summary of Significant Accounting Policies, to the financial statements. As described in Note 2 of the financial statements, MCERA adopted Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, during the fiscal year ended June 30, 2022. We noted no transactions entered into by MCERA during the fiscal year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements and other information in the proper period.

Accounting estimates are an integral part of the financial statements and other information prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and other information and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting MCERA's financial statements and other information were:

- Management's estimate of the fair value of investments which was derived by various methods as detailed in the notes to the financial statements. We evaluated the key factors and assumptions used to develop the estimate of the fair value of investments in determining that it is reasonable in relation to the financial statements taken as a whole.
- The contribution amounts and net pension liability (asset) as detailed in notes to the financial statements, which are based on the actuarially-presumed interest rate and assumptions. We evaluated the key factors and assumptions used to develop the estimates of the contribution amounts and net pension liability (asset) in determining that they are reasonable in relation to the financial statements taken as a whole.

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Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- The disclosures for investments in Notes 2, 3, 4, 5, and 6 to the financial statements, Summary of Significant Accounting Policies, Deposits and Investments, Securities Lending, Derivative Financial Instruments, and Real Estate, respectively, were derived from MCERA's investment policy. Management's estimate of the fair value of investments was derived by various methods as detailed in the notes to the financial statements.
- Additionally, the disclosures related to the funding policies, net pension liability (asset), and actuarial methods and assumptions in Note 1, Plan Description; Note 7, Contributions; and Note 9, Net Pension Liability (Asset), were derived from actuarial valuations, which involved estimates of the value of reported amounts and probabilities about the occurrence of events far into the future.

The financial statement disclosures are neutral, consistent, and clear.

### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. None of the uncorrected misstatements detected as a result of audit procedures were material, either individually or in the aggregate, to the financial statements and other information taken as a whole.

### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements and other information or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated \_\_\_\_\_, 2022.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to MCERA's basic financial statements and other information or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as MCERA's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### **Other Matters**

We applied certain limited procedures to the Management's Discussion and Analysis, Schedule of Changes in Net Pension Liability (Asset) and Related Ratios, Schedule of Contributions History, Schedule of Investment Returns, and Notes to the Required Supplementary Information, which are Required Supplementary Information (RSI) that supplement the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing

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the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during the audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

### **Restriction on Use**

This information is intended solely for the use of the Board of Retirement, the Audit Committee, and management of MCERA and is not intended to be, and should not be, used by anyone other than these specified parties.

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

Bakersfield, California  
\_\_\_\_\_, 2022

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Retirement and Audit Committee of  
Marin County Employees' Retirement Association  
San Rafael, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements, and the schedule of cost sharing employer allocations and the schedule of employer pension amounts allocated by cost sharing plan totals for all entities of the columns titled net pension liability (asset), total deferred outflows of resources, total deferred inflows of resources, and total pension expense excluding that attributable to employer-paid member contributions (specified column totals), referred to as the other information, of the Marin County Employees' Retirement System (MCERA) as of and for the fiscal year ended June 30, 2022, and the related notes to the basic financial statements, which collectively comprise MCERA's basic financial statements, and have issued our report thereon dated \_\_\_\_\_, 2022.

### **Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements and other information, we considered MCERA's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements and other information, but not for the purpose of expressing an opinion on the effectiveness of MCERA's internal control. Accordingly, we do not express an opinion on the effectiveness of MCERA's internal control.

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

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

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### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether MCERA's financial statements and other information are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and agreements, noncompliance with which could have a direct and material effect on the financial statements and other information. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of MCERA's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering MCERA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

Bakersfield, California  
\_\_\_\_\_, 2022



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### **AGREED UPON CONDITIONS REPORT DESIGNED TO INCREASE EFFICIENCY, INTERNAL CONTROLS, AND/OR FINANCIAL REPORTING (MANAGEMENT LETTER)**

To the Board of Retirement and Audit Committee of  
Marin County Employees' Retirement Association  
San Rafael, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements, and the schedule of cost sharing employer allocations and the schedule of employer pension amounts allocated by cost sharing plan totals for all entities of the columns titled net pension liability (asset), total deferred outflows of resources, total deferred inflows of resources, and total pension expense excluding that attributable to employer-paid member contributions (specified column totals), referred to as the other information, of the Marin County Employees' Retirement System (MCERA), as of and for the fiscal year ended June 30, 2022, and have issued our report thereon dated \_\_\_\_\_, 2022. In planning and performing our audit of the financial statements and other information, we considered MCERA's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements and other information, but not for the purpose of expressing an opinion on the effectiveness of the MCERA's internal control. Accordingly, we do not express an opinion on the effectiveness of MCERA's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

During our audit, we became aware of certain matters that represent an opportunity for strengthening internal controls and operating efficiencies. The recommendations listed in this report summarize our comments and suggestions regarding these matters.

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We will review the status of the comments during our next audit engagement. We have already discussed these comments and suggestions with various MCERA personnel, and we will be pleased to discuss these in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

Bakersfield, California  
\_\_\_\_\_, 2022

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### Current Year Finding and Recommendation

#### **2022-1 – Contributions Error**

During our testing of pensionable pay items for active participants, we noted one out of the forty active participants selected for testing had incorrect employee contribution amounts manually entered to their account in MCERA's pension administration system (CPAS). Rather than receiving the correctly calculated amounts based on the approved Employee Contribution Rates from MCERA's website for both the Employee Normal and Employee COLA categories, the amount from the Employee COLA category was manually entered into both the "Employee Normal" and Employee COLA" categories, resulting in an error. The overall effect of the error was immaterial, and the error was subsequent correct by the MCERA Benefit's Team.

#### Recommendation

We recommend that the MCERA benefits team perform a more detailed review of all manual entries made to a participant's account. An individual that is knowledgeable of the process should be assigned to perform this review before the changes are made live in CPAS.

#### Management Response

We thank the auditors for the opportunity to comment on the finding and recommendation regarding the review of the pensionable pay items for active participants with manual entries. MCERA supports continuous improvements and agrees with the auditors' recommendation.

MCERA generally only makes manual adjustments to member records when incorrect information has been reported by an employer and has steps in place for validating these manual adjustments. The item identified by the auditors was an adjustment made to one of more than 30 members due to an employer payroll upload issue. The manual entries were completed to facilitate producing accurate data for the actuary so they can conduct the annual valuation. The files provided to the auditors were the same as actuarial files and did not include the system generated corrections.

#### **2022-2 – Deceased Member Follow Up**

During our testing of deceased members, we noted two out of the ten deceased members selected for testing did not have any subsequent attempts to contact the beneficiary on file after the initial letter was mailed. Follows up is necessary in order to receive the necessary documents from the beneficiary and begin the benefit payment process.

#### Recommendation

As any death benefit and applicable continuance payments to a deceased member's beneficiary cannot be processed until the required forms are received from the beneficiary, we recommend that the MCERA benefits team implement and adhere to a formal policy that establishes the procedures and timelines for contacting and following up with beneficiaries going forward.

#### Management Response

We thank the auditors for the opportunity to comment on the finding and recommendation regarding the review of the process for payments to deceased members' beneficiaries. MCERA supports continuous improvements and agrees with the auditors' recommendation.

MCERA will evaluate our current process and make appropriate changes that ensure timelines for contacting and following up with beneficiaries are followed.

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### **2022-3 – Benefit Payment Tax Withholding**

During our testing of retired members, we noted one out of the forty retirees selected for testing had federal taxes withheld from their benefit payments when the member had elected to not have either federal or state taxes withheld from their benefit payments per their Service Retirement Application.

#### **Recommendation**

As the tax withholdings are elected by the member on their Service Retirement Application, we recommend the MCERA benefits team perform a more detailed review when completing the setup of retiree accounts in CPAS to ensure all elections are entered correctly. An individual that is knowledgeable of the process should be assigned to perform this review before the changes are made live in CPAS.

#### **Management Response**

We thank the auditors for the opportunity to comment on the finding and recommendation regarding the review of the Benefit Payment Tax Withholding. MCERA supports continuous improvements and agrees with the auditors' recommendation.

MCERA has reviewed its retirement set up review process and implemented additional steps to ensure that all retiree elections are entered and withheld correctly.

### **Status of Prior Year Findings and Recommendations**

#### **2021-1 – Review of the Service Organization Controls (SOC) Reports**

During our follow up of MCERA's controls and due diligence procedures over SOC reports review, we noted MCERA did not complete the collection and review of the SOC reports of its investment managers due to shortage of personnel in the current year.

#### **Recommendation**

Since a significant amount of the processing of MCERA's investment transactions are performed by the investment managers, it is important that MCERA review the reports on an annual basis. We recommend MCERA formalize the annual review of the SOC reports and document any findings or significant issues to internal control. A responsible individual should be assigned to perform this review as soon as the SOC reports are available.

#### **Management Response**

We thank the auditors for the opportunity to comment on the finding and recommendation regarding the review of the Service Organization Control (SOC) reports. MCERA supports continuous improvements and agrees with the auditors' recommendation.

MCERA, has developed, documented, and implemented an annual SOC report review process. The process includes identifying and directing staff to review the SOC reports, to maintain an SOC Report Review Log and to report significant SOC report issues to MCERA management.

MCERA believes that a formal SOC report review is the most efficient way of identifying potential control deficiencies early, prompting swift remediation, resulting in enhanced MCERA investment operational controls.

#### **Current Year Status**

MCERA implemented the annual review of SOC reports during fiscal year 2022.

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### **2021-2 – Participant Data**

During our testing of pensionable pay items for active participants, we noted a discrepancy in the total gross salary for one (1) of the forty (40) participants tested. MCERA's pension administration system (CPAS) reflected total gross salary of \$1,173, while the payroll report from the employer reported total gross pay of \$1,219. Upon inquiry with management, it was discovered that the employer incorrectly reported pensionable hours and earnable salary for multiple pay periods since December 2020. This error affected the member's service credit and the final average compensation. The pensionable salary and the contributions were correct except for four (4) of the pay periods.

### **Recommendation**

MCERA indicated this employer was on MCERA's list to perform a review over the reported information. As there was no individual that was close to retirement, the error does not have a current impact. This error would have been corrected prior to any benefit payment to the member. We understand MCERA has contacted the employer to make the corrections and as of the date of this letter, the corrections are still pending. We recommend MCERA continue with its effort to discuss with the employer to ensure the needed corrections are made.

### **Management Response**

We thank the auditors for the opportunity to comment on the finding and recommendation regarding the salary discrepancy noted for one member. MCERA supports continuous improvements and agrees with the auditors' recommendation. MCERA has contacted the employer and will continue to work with them to correct the error and provide overall training and support on reporting accurate information.

### **Current Year Status**

MCERA is now in communication with the employer's governing board to assist in assigning staff to work with MCERA to resolve eligibility and reporting questions and issues. Once the employer has dedicated staff assigned to work with MCERA, we will correct the errors found and provide support for ongoing reporting.

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**MARIN COUNTY EMPLOYEES'  
RETIREMENT ASSOCIATION**

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

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2022**

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### MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Retirement and Audit Committee of  
Marin County Employees' Retirement Association  
San Rafael, California

### Report on the Audit of the Financial Statements

#### ***Opinions***

We have audited the accompanying statement of fiduciary net position of the Marin County Employees' Retirement Association (MCERA), as of June 30, 2022, the related statements of changes in fiduciary net position for the fiscal year then ended, and the related notes to the basic financial statements, which collectively comprise MCERA's basic financial statements as listed in the table of contents. We have also audited the schedule of cost sharing employer allocations and the schedule of employer pension amounts allocated by cost sharing plan totals for all entities of the columns titled net pension liability (asset), total deferred outflows of resources, total deferred inflows of resources, and total pension expense excluding that attributable to employer-paid member contributions (specified column totals), also referred to as other information, as of and for the fiscal year ended June 30, 2022, listed as other information in the table of contents.

In our opinion, the basic financial statements and other information referred to above present fairly, in all material respects, the fiduciary net position of MCERA as of June 30, 2022; the changes in fiduciary net position for the fiscal year then ended; and the schedule of cost sharing employer allocations and the schedule of employer pension amounts allocated by cost sharing plan totals for all entities of the columns titled net pension liability (asset), total deferred outflows of resources, total deferred inflows of resources, and total pension expense excluding that attributable to employer-paid member contributions (specified column totals), as of and for the fiscal year ended June 30, 2022, in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements and Other Information section of our report. We are required to be independent of MCERA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements and Other Information***

Management is responsible for the preparation and fair presentation of these financial statements and other information in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements and other information that are free from material misstatement, whether due to fraud or error.



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In preparing the financial statements and other information, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about MCERA's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Management is also responsible for maintaining a current plan instrument, including all MCERA plan amendments; administering MCERA; and determining that MCERA's transactions that are presented and disclosed in the financial statements and other information are in conformity with MCERA's plan provisions, including maintaining sufficient records with respect to each of the participants, to determine the benefits due or which may become due to such participants.

### **Auditor's Responsibilities for the Audit of the Financial Statements and Other Information**

Our objectives are to obtain reasonable assurance about whether the financial statements and other information as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements and other information.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements and other information, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements and other information.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of MCERA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements and other information.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about MCERA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (MD&A) and required supplementary information (RSI), as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the MD&A and RSI in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we

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obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated \_\_\_\_\_, 2022, on our consideration of MCERA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of MCERA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering MCERA's internal control over financial reporting and compliance.

### **Report on Summarized Comparative Information**

We have previously audited MCERA's June 30, 2021, basic financial statements, and our report dated December 6, 2021, expressed an unmodified opinion on those audited basic financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent in all material respects, with the audited basic financial statements from which it has been derived.

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

Bakersfield, California  
\_\_\_\_\_, 2022

## E.2.b.2

### **MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022**

This Management's Discussion and Analysis (MD&A) of the financial activities of the Marin County Employees' Retirement Association (MCERA or the System) is an overview of its fiscal operations for the fiscal year ended June 30, 2022. Readers are encouraged to consider the information presented in conjunction with the Basic Financial Statements and Notes to the Basic Financial Statements.

MCERA is a public employee retirement system established by the County of Marin on July 1, 1950, and is administered by the Board of Retirement to provide retirement, disability, and death and survivor benefits for its members under the County Employees Retirement Law of 1937 (CERL or 1937 Act) and the Public Employees' Pension Reform Act of 2013 (PEPRA).

#### **Financial Highlights**

MCERA's fiduciary net position as of June 30, 2022, was \$3,009,879,148. The fiduciary net position is restricted for payment of pension benefits to participants and their beneficiaries and is available to meet MCERA's ongoing obligations.

- Fiduciary net position decreased by \$385,641,138, primarily due to negative investment performance.
- Total additions as reflected in the Statement of Changes in Fiduciary Net Position was a decline of \$203,678,891, which includes employer and employee contributions of \$119,043,543, a net investment loss of \$322,918,120, and net securities lending income of \$195,686.
- Deductions from fiduciary net position increased from \$172,063,641 to \$181,962,247 from the prior year. The increase was mainly due to an increase in retiree pension benefits.
- MCERA's funding objective is to meet long-term benefit obligations through contributions and investment income. As of June 30, 2021, the date of the last actuarial valuation, the funded ratio for all MCERA agencies was 104.5% based on the ratio of market value of assets over actuarial liability. In general, this indicates that for every dollar of benefits due we had approximately \$1.05 of assets available for payment as of that date. The funding ratios of the employer entities included in MCERA were: 106.8% for the County of Marin and Special Districts, 95.8% for the City of San Rafael, and 105.2% for Novato Fire Protection District.

#### **Overview of the Financial Statements**

This MD&A serves as an introduction to the basic financial statements, which comprise the following components:

- Statement of Fiduciary Net Position
- Statement of Changes in Fiduciary Net Position
- Notes to the Basic Financial Statements

The basic financial statements and the required disclosures are in compliance with the accounting principles and reporting guidelines as set forth by the Governmental Accounting Standards Board (GASB) and are prepared utilizing the accrual basis of accounting.

The Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position report information about MCERA's activities. These statements include all assets and liabilities using the full accrual basis of accounting as practiced by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. Investment gains and losses are reported on a trade-date basis and both realized and unrealized gains and losses on investments are shown.

## E.2.b.2

The Statement of Fiduciary Net Position is the first basic financial report. This is a snapshot of account balances at fiscal year-end. This statement reflects assets available for future payments to retirees and their beneficiaries and any current liabilities that are owed as of fiscal year-end. The net position restricted for pension benefits, which is the assets less the liabilities, reflects the funds available for future use.

The Statement of Changes in Fiduciary Net Position is the second basic financial report. This report reflects the activities that occurred during the fiscal year and shows the impact of those activities as Additions to or Deductions from the plan.

These two statements report MCERA's net position restricted for pension benefits (net position) – the difference between assets and liabilities – as one way to measure MCERA's financial position. Over time, increases and decreases in MCERA's net position are indicators of whether its financial health is improving or deteriorating. Other factors, such as market conditions, should also be considered in measuring MCERA's overall health.

Both statements are in compliance with standards issued by the GASB. These standards require certain disclosures and also require the state and local governments to report using the full accrual method of accounting. MCERA complies with all material requirements of these standards.

The Notes to the Basic Financial Statements (Notes) are an integral part of the financial reports. The Notes provide detailed discussion of key policies, programs, and activities that occurred during the fiscal year.

In addition to the Basic Financial Statements, this report contains required supplementary information and schedules to illustrate the GASB Statement No. 67 financial reporting requirements. These schedules provide a broad scope of financial information, including a pension liability measurement and changes to the liability, historical contributions, money-weighted investment return, and additional actuarial-related disclosures.

Other Information consists of two schedules pertaining to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*. The two schedules include the Schedule of Cost Sharing Employer Allocations and the Schedule of Employer Pension Amounts Allocated by Cost Sharing Plan. Under GASB Statement No. 68, plan sponsors are required to report Net Pension Liability on their balance sheets and changes in Net Pension Liability on their operating statements as pension expenses, deferred inflows of resources, and deferred outflows of resources.

## E.2.b.2

### Financial Analysis

The reserves needed to finance retirement benefits are accumulated through the collection of employer and employee contributions and through earnings on investments (net of investment expense). Net position restricted for pension benefits as of June 30, 2022, totaled \$3,009,879,148, a decrease of \$385,641,138 from the prior year. MCERA's assets exceeded its liabilities at the end of the fiscal year. Net position restricted for pension benefits represents funds available for future payments. However, of importance is the fact that, unlike private pension funds, public pension funds are not required to report the future liability of obligations owed to retirees in the Statement of Fiduciary Net Position, and only current liabilities are reported. Below is a comparison of current and prior year balances:

	2022	2021	Increase (Decrease) 2022/2021
Investments at fair value	\$ 2,903,106,791	\$ 3,288,944,227	\$ (385,837,436)
Cash and cash equivalents	105,664,961	106,826,520	(1,161,559)
Capital assets (net of accumulated depreciation)	7,777,799	7,083,908	693,891
Cash collateral held for securities loaned	91,684,215	35,601,032	56,083,183
Receivables and other assets	22,209,455	18,610,737	3,598,718
Total assets	3,130,443,221	3,457,066,424	(326,623,203)
Total liabilities	120,564,073	61,546,138	59,017,935
<b>Net position restricted for pension benefits</b>	<b>\$ 3,009,879,148</b>	<b>\$ 3,395,520,286</b>	<b>\$ (385,641,138)</b>

In order to determine whether the net position restricted for pension benefits will be sufficient to meet future obligations, the actuarial funded status must be calculated. An actuarial valuation is similar to an inventory process. On the valuation date, the assets available for the payment of retirement benefits are appraised. These assets are compared with the actuarial liabilities, which are the actuarial present value of all future benefits expected to be paid for each member. The purpose of the valuation is to determine what future contributions by the members and the employers are needed to pay all expected future benefits.

MCERA's independent actuary, Cheiron, performed an actuarial valuation as of June 30, 2021, and determined that the funded ratio of the actuarial value of assets to the actuarial liability is 104.5%. The actuarial valuation as of June 30, 2020, determined the funded ratio to be 84.0%.

### Additions to Fiduciary Net Position

There are three primary sources of funding for MCERA retirement benefits: earnings (losses) on investments of assets and employer and employee contributions. Income sources for the fiscal years ending June 30, 2022 and 2021, totaled \$(203,678,891) and \$942,269,062, respectively.

	2022	2021	Increase (Decrease) 2022/2021
Employer contributions	\$ 85,165,422	\$ 80,359,731	\$ 4,805,691
Plan member contributions	33,878,121	32,019,007	1,859,114
Total net investment income (loss)	(322,722,434)	829,890,324	\$(1,152,612,758)
<b>Total additions</b>	<b>\$ (203,678,891)</b>	<b>\$ 942,269,062</b>	<b>\$(1,145,947,953)</b>

## E.2.b.2

### Deductions from Fiduciary Net Position

MCERA was created to provide lifetime retirement annuities, survivor benefits, and permanent disability benefits to qualified members and their beneficiaries. The cost of such programs includes recurring benefit payments, as designated by the plan; refund of contributions to terminated employees; and the cost of administering the system. Below is a comparison of selected current and prior year balances:

	2022	2021	Increase (Decrease) 2022/2021
Retirement benefits	\$ 174,758,842	\$ 166,139,520	\$ 8,619,322
Refund of contributions	2,242,861	1,540,282	702,579
Administrative expenses	4,254,848	3,572,267	682,581
Legal expenses	240,829	341,721	(100,892)
Computer expenses	285,250	279,871	5,379
Actuarial expenses	179,617	189,980	(10,363)
<b>Total deductions</b>	<b>\$ 181,962,247</b>	<b>\$ 172,063,641</b>	<b>\$ 9,898,606</b>

### Change in Fiduciary Net Position

The change in fiduciary net position during the reporting period was the net effect of factors that either added to or deducted from the fiduciary net position. Below is a summary of the change in fiduciary net position during the current year, as compared to prior year:

	2022	2021	Increase (Decrease) 2022/2021
Total Additions	\$ (203,678,891)	\$ 942,269,062	\$ (1,145,947,953)
Total Deductions	181,962,247	172,063,641	9,898,606
Change in Fiduciary Net Position	(385,641,138)	770,205,421	(1,155,846,559)
Beginning of Year	3,395,520,286	2,625,314,865	770,205,421
<b>End of Year</b>	<b>\$ 3,009,879,148</b>	<b>\$ 3,395,520,286</b>	<b>\$ (385,641,138)</b>

## E.2.b.2

### Reserves

MCERA's reserves are established in accordance with the requirements of the 1937 Act, utilizing contributions and the accumulation of investment income after satisfying administrative and investment expenses. Under GASB Statement No. 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25*, investments are stated at fair value instead of cost and include the recognition of unrealized gains and losses.

	2022	2021
Employee reserve	\$ 423,364,135	\$ 400,038,995
Employer reserve	447,468,229	407,961,885
Retiree reserves	2,199,530,926	2,125,124,151
Contingency reserve	25,245,694	33,955,203
<b>Total reserves - restricted</b>	<b>3,095,608,984</b>	<b>2,967,080,234</b>
Unrestricted reserve	(48,181,136)	428,440,052
Contra - Interest crediting	(37,548,700)	—
<b>Total reserves - unrestricted</b>	<b>(85,729,836)</b>	<b>428,440,052</b>
<b>Total Net Position Restricted for Pension Benefits</b>	<b>\$ 3,009,879,148</b>	<b>\$ 3,395,520,286</b>

### The Retirement Fund as a Whole

MCERA's management believes that the funding policy adopted by the Board of Retirement, as reflected in the annual actuarial valuation, is reasonable and allows the System to meet its obligations to retirees, beneficiaries, and active members. The current financial position is a result of prudent economic and demographic assumptions, diversified investments, sufficient oversight to manage risk and minimize loss, an effective system of cost control, and strategic planning.

### Requests for Information

This financial report is designed to provide the Board of Retirement, our membership, taxpayers, and investment managers with a general overview of MCERA finances and to demonstrate MCERA's accountability for the funds under its stewardship.

Please address any questions about this report or requests for additional financial information to:

Marin County Employees' Retirement Association  
One McInnis Parkway, Suite 100  
San Rafael, California 94903-2764

Copies of this report are available at the above address and on MCERA's website at [www.mcera.org](http://www.mcera.org).

Respectfully submitted,



Anya Bakerink  
Chief Financial Officer

E.2.b.2

**BASIC FINANCIAL STATEMENTS**



## E.2.b.2

### MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION STATEMENT OF FIDUCIARY NET POSITION AS OF JUNE 30, 2022 (WITH COMPARATIVE TOTALS)

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
<b>Assets</b>		
Cash and short-term investments		
Cash and cash equivalents	\$ 105,664,961	\$ 106,826,520
Cash collateral on loaned securities	91,684,215	35,601,032
	<hr/>	<hr/>
Total Cash and Short-Term Investments	197,349,176	142,427,552
Receivables		
Contributions	6,290,667	5,281,118
Interest and dividends	4,506,274	3,091,284
Due from brokers for securities sold	9,621,715	7,818,052
Other receivables	1,527,450	2,243,007
	<hr/>	<hr/>
Total Receivables	21,946,106	18,433,461
Investments at fair value		
Domestic fixed income	533,045,310	494,083,206
International fixed income	69,142,524	70,297,645
Domestic equities	820,416,009	1,067,027,753
International equities	554,453,464	727,552,625
Private equity	381,189,873	444,009,053
Opportunistic	52,423,309	29,941,119
Real estate equity	325,912,457	294,538,314
Real assets	166,523,845	161,494,512
	<hr/>	<hr/>
Total Investments at Fair Value	2,903,106,791	3,288,944,227
Capital assets (net of accumulated depreciation)	7,777,799	7,083,908
Prepaid insurance	263,349	177,276
	<hr/>	<hr/>
Total Assets	3,130,443,221	3,457,066,424
	<hr/>	<hr/>
<b>Liabilities</b>		
Accounts payable and accrued expenses	1,554,586	649,350
Due to brokers for securities purchased	27,325,272	25,295,756
Obligations under securities lending program	91,684,215	35,601,032
	<hr/>	<hr/>
Total Liabilities	120,564,073	61,546,138
	<hr/>	<hr/>
<b>Net Position Restricted for Pension Benefits</b>	<b><u>\$ 3,009,879,148</u></b>	<b><u>\$ 3,395,520,286</u></b>

## E.2.b.2

### MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FOR THE FISCAL YEAR ENDED JUNE 30, 2022 (WITH COMPARATIVE TOTALS)

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
<b>Additions</b>		
Contributions		
Employer	\$ 85,165,422	\$ 80,359,731
Plan member	33,878,121	32,019,007
Total Contributions	<u>119,043,543</u>	<u>112,378,738</u>
Investment income (loss)		
Net appreciation (depreciation) in fair value of investments	(358,258,105)	804,922,444
Interest and dividends	44,325,603	28,817,679
Real estate operating income, net	162,101	7,966,024
Other investment income	1,148,999	2,005,283
Total investment income (loss)	<u>(312,621,402)</u>	<u>843,711,430</u>
Investment expenses	<u>(10,296,718)</u>	<u>(13,967,090)</u>
Net Investment Income (Loss)	<u>(322,918,120)</u>	<u>829,744,340</u>
Securities lending activities		
Securities lending income	279,336	208,902
Less expenses from securities lending activities	<u>(83,650)</u>	<u>(62,918)</u>
Net Securities Lending Activities	<u>195,686</u>	<u>145,984</u>
Total Net Investment Income (Loss)	<u>(322,722,434)</u>	<u>829,890,324</u>
Total Additions (Declines)	<u>(203,678,891)</u>	<u>942,269,062</u>
<b>Deductions</b>		
Benefits	174,758,842	166,139,520
Refunds	2,242,861	1,540,282
Administrative expenses	4,254,848	3,572,267
Legal expenses	240,829	341,721
Computer expenses	285,250	279,871
Actuarial expenses	179,617	189,980
Total Deductions	<u>181,962,247</u>	<u>172,063,641</u>
Change in Fiduciary Net Position	(385,641,138)	770,205,421
<b>Net Position Restricted for Pension Benefits, Beginning of Year</b>	<u>3,395,520,286</u>	<u>2,625,314,865</u>
<b>Net Position Restricted for Pension Benefits, End of Year</b>	<u><u>\$ 3,009,879,148</u></u>	<u><u>\$ 3,395,520,286</u></u>

## E.2.b.2

### MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2022

#### **NOTE 1 – PLAN DESCRIPTION**

The Marin County Employees' Retirement Association (MCERA) was established on July 1, 1950. It is governed by the California Constitution; the County Employees Retirement Law of 1937 (CERL or 1937 Act, Government Code Section 31450 et seq.); the Public Employees' Pension Reform Act of 2013 (PEPRA, Government Code Section 7522); the provisions of California Government Code Section 7500 et seq.; and the bylaws, procedures, and policies adopted by MCERA's Board of Retirement. The Marin County Board of Supervisors may also adopt resolutions, as permitted by the CERL and PEPRA, which may affect the benefits of MCERA members. MCERA operates as a cost sharing multiple employer defined benefit pension plan for the County of Marin (the County) and eight other participating employers: City of San Rafael, Local Agency Formation Commission (LAFCO), Marin City Community Services District (Marin CSD), Marin County Superior Court (Superior Court), Marin/Sonoma Mosquito and Vector Control District (Mosquito District), Novato Fire Protection District (Novato Fire), Southern Marin Fire Protection District (Southern Marin Fire), and Tamalpais Community Services District (Tamalpais CSD).

#### **Administration**

The Board of Retirement is responsible for the general administration and management of the retirement association. All Board of Retirement members, except the County Director of Finance, serve for a term of three years. By statute, Board of Retirement members include the following:

- The Director of Finance of the County (ex-officio).
- Four members who are qualified electors of the County and not connected with County government in any capacity, except that one may be a County Supervisor. The Board of Supervisors appoints these members.
- Two General members of MCERA elected by the General membership.
- One Safety member and one Safety member alternate elected by the Safety membership.
- One retired member and one retired member alternate elected by the retired membership.

#### **Membership**

MCERA provides retirement, disability, and death benefits to its general and safety members. Safety membership primarily includes law enforcement and firefighters of MCERA, as well as other classifications as allowed under the CERL and adopted by the employer. General membership is applicable to all other occupational classifications. The retirement benefits within the plan are tiered based on the participating employer and the date of the member's entry into MCERA membership. Additional information regarding the benefit structure is available by contacting MCERA. Membership data as of the current actuarial valuation report (fiscal year ending June 30, 2021):

	<b>2021</b>
Active Members (Vested and Non-Vested)	2,682
Retired Members and Beneficiaries	3,592
Terminated Vested (Deferred)	763
<b>Total Membership</b>	<b>7,037</b>

## E.2.b.2

### **NOTE 1 – PLAN DESCRIPTION** (Continued)

#### **Benefit Provisions**

##### *Vesting*

Members become vested in retirement benefits upon completion of five years of credited service.

##### *Service Retirement*

MCERA's regular (service) retirement benefits are based on the years of credited service, final average compensation, and age at retirement, according to the applicable statutory formula. Members who qualify for service retirement are entitled to receive monthly retirement benefits for life.

General County members hired after July 1, 2008, Court members hired after January 1, 2009, and City of San Rafael members hired after July 1, 2011, are eligible to retire at age 55 if they have earned 10 years of credited service, unless they are "new members" as defined by PEPR (hereinafter "PEPR members"). All other General and Safety members, except PEPR members, are eligible to retire at age 50 if they have earned 10 years of credited service. Unless they are PEPR members, General members can retire at any age with 30 years of service and Safety members can retire at any age with 20 years of service. PEPR members who are Safety members are eligible to retire after five years of service upon reaching 50 years of age. PEPR members who are General members are eligible to retire after five years of service upon reaching 52 years of age. All members can retire at age 70 with no service requirement.

##### *Death Benefits*

MCERA provides specified death benefits to beneficiaries and members' survivors. The death benefits provided depend on whether the member is active or retired.

The basic active member death benefit consists of a member's retirement contributions plus interest plus one month's pay for each full year of service (up to a maximum of six months pay). Retiring members may choose from five retirement benefit payment options. Most retirees elect to receive the unmodified allowance which provides the maximum benefit to the retiree and a continuance of 60% of the retiree's allowance to the surviving spouse or registered domestic partner after the retiree's death. Other death benefits may be available based on the years of service, marital status, and whether the member has minor children.

##### *Disability Retirement*

A member with five years of service, regardless of age, who becomes permanently incapacitated for the performance of duty is eligible to apply for a nonservice-connected disability retirement. Any member who becomes permanently incapacitated for the performance of duty as a result of injury or disease arising out of and in the course of employment is eligible to apply for a service-connected disability retirement, regardless of service length or age.

##### *Cost of Living Adjustment*

Retirement allowances are indexed for inflation. Most retirees receive automatic basic cost of living adjustments (COLAs) based upon the Urban Consumer Price Index (UCPI) for the San Francisco Bay Area. These adjustments go into effect on April 1 each year. Annual COLA increases are statutorily capped at 2%, 3%, or 4% depending upon the member's retirement tier. When the UCPI exceeds the maximum statutory COLA for the member's tier, the difference is accumulated for use in future years when the UCPI is less than the maximum statutory COLA. The accumulated percentage carryover is known as the COLA Bank.

## E.2.b.2

### **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **Reporting Entity**

MCERA, with its own governing board, is an independent governmental entity separate and distinct from the County. Actuarially determined financial data for MCERA is included in the County's annual financial report in the "Notes to Financial Statements" section.

#### **Basis of Accounting**

MCERA follows the accounting principles and reporting guidelines as set forth by the Governmental Accounting Standards Board (GASB). The financial statements are prepared on an accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. This basis of accounting recognizes income when earned and expenses when the obligation is incurred. Member and employer contributions are recognized when due, pursuant to formal commitments as well as statutory or contractual requirements. Investment income is recognized as revenue when earned. Retirement benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Other expenses are recognized when the corresponding liabilities are incurred. The net appreciation (depreciation) in fair value of investments consists of realized and unrealized gains and losses on those investments.

#### **Administrative Expenses**

MCERA's administrative costs are financed from investment income and are calculated pursuant to Government Code Section 31580.2 which provides that the administrative expenses incurred in any year may not exceed the greater of either 0.21% of the actuarial accrued liability of the system, or \$2,000,000, as adjusted annually by the amount of the annual COLA computed in accordance with Article 16.5. Expenses for computer software, computer hardware, and computer technology consulting services in support of these computer products shall not be considered a cost of administration of MCERA.

For the fiscal year ended June 30, 2022, administrative expenses were \$4,254,848, or 0.13% of the actuarial accrued liability as of June 30, 2020.

#### **Cash and Cash Equivalents**

Cash equivalents include deposits in MCERA's custodian bank, a financial institution, and pooled cash with the County Treasurer. Pooled cash is reported at amortized cost, which approximates fair value. Income on pooled cash is allocated on MCERA's average daily balance in relation to total pooled assets. Short-term investments with the custodian bank include foreign currencies, cash held in short-term investment funds, and other short-term, highly liquid investments. Short-term investments considered cash equivalents are recorded at cost, which approximates fair value.

#### **Receivables**

Receivables consist primarily of interest, dividends, investments in transition (i.e., traded but not yet settled), and contributions owed by the employing entities as of June 30, 2022.

#### **Methods Used to Value Investments**

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. MCERA management uses information provided by the investment managers and the custodian bank to determine fair value.

GASB establishes a fair value hierarchy based on the following three distinct types of input to develop the fair value measurements.

## E.2.b.2

### **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

#### **Methods Used to Value Investments** (Continued)

- **Level 1** reflects measurements based on quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- **Level 2** reflects measurements based on inputs, other than quoted prices, that are observable for an asset or a liability either directly or indirectly.
- **Level 3** reflects measurements based on unobservable inputs for an asset or a liability.

Fixed income securities, real estate investment trusts (REITs), common and preferred stocks, and derivatives are valued based on published market prices and quotations from national security exchanges and securities pricing services. Real estate investment funds are valued using periodic independent appraisals or internal valuation techniques, including discounted cash flows, sales comparisons, and cost approaches. Investments that are not traded on national exchanges or do not have pricing services (such as private equity funds) are valued based on fund share price or percentage of ownership as determined by the fund manager or general partner in accordance with the valuation methodology outlined in the partnership agreement.

#### **Investment Concentrations**

As of June 30, 2022, MCERA does not hold a concentration of investments in any one entity that represents five percent or more of the total investment portfolio or the fiduciary net position. Investments issued or explicitly guaranteed by the U.S. government and pooled investments are excluded from this requirement.

#### **Asset Allocation Policy and Expected Long-Term Rate of Return by Asset Class**

The Board of Retirement has adopted an Investment Policy Statement (IPS), which provides the framework for the management of MCERA's investments. The IPS establishes MCERA's investment objectives and defines the principal duties of the Board of Retirement, the custodian bank, and the investment managers. The asset allocation plan is an integral part of the IPS and is designed to provide an optimum and diversified mix of asset classes with return expectations to satisfy expected liabilities while minimizing risk exposure. MCERA currently employs external investment managers to manage its assets subject to the provisions of the policy. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the plan.

#### **Capital Assets**

Capital assets are valued at historical cost less accumulated depreciation. Capital assets with an initial cost of more than \$5,000 and an estimated useful life in excess of one year are depreciated. Depreciation is calculated using the straight-line method over the estimated useful lives of the depreciable assets. Equipment has a useful life of five years, leasehold improvements and office space forty years, and twelve years for the benefit administration system.

MCERA signed an agreement on July 2, 2007, for the purchase of a building located at One McInnis Parkway, San Rafael, California 94903. The final purchase price for the building was \$17,300,000 and was finalized in October 2007. MCERA occupied the building on November 14, 2008. MCERA occupies 33% of the building and leases the other 67%. Therefore, the portion of the building occupied by MCERA was capitalized and is being depreciated over its useful life. The remaining 67% will be treated as an investment and, accordingly, marked to market value in addition to recognizing any earned income and expenses incurred. As of June 30, 2022, the capitalized portion of the building was \$7,113,001 and computers and equipment were \$664,798 net of accumulated depreciation.

## E.2.b.2

### **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

#### **Other Post-Employment Benefits to Retirees**

The County of Marin and special districts provide Other Post-Employment Benefits (OPEB) to retirees. Medical premiums are reimbursed to each retired employee who qualifies for one of the County's Benefit Plan Subsidies. Medicare premiums are also reimbursed to each retired employee who is covered under Medicare Part B and qualifies for one of the County's Benefit Plan Subsidies.

The Plan does not determine eligibility and does not negotiate for healthcare benefits or the Benefit Plan Subsidies, but acts solely as a conduit, which deducts premiums from benefit payments and applies the subsidies. The amount of subsidies applied for payment of medical premiums is billed to the County. Benefit eligibility, coverage and premium cost negotiations are the responsibility of the employer. As such, GASB Statement No. 74 does not apply.

#### **Income Taxes**

The plan qualifies under Section 401(a) of the Internal Revenue Code. No provision for income taxes has been made in the accompanying financial statements, as the plan is exempt from federal and state income taxes under the provisions of Internal Revenue Code Section 501 and California Revenue and Taxation Code Section 23701, respectively.

#### **Use of Estimates**

The preparation of MCERA's financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

#### **Implementation of Accounting Standards**

In June 2017, GASB issued Statement No. 87, *Leases*, which establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This statement improves accounting and financial reporting for leases by governments by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The requirements of this statement were initially effective for MCERA's financial statements for the fiscal year ending June 30, 2021. However, in light of the COVID-19 pandemic, GASB postponed the implementation of this statement by one year of its effective date. GASB Statement No. 87, *Leases*, was implemented in the current fiscal year.

This pronouncement did not significantly impact MCERA during the current fiscal year. Management will continue to evaluate lease agreements for future periods.

### **NOTE 3 – DEPOSITS AND INVESTMENTS**

The CERL gives the Board of Retirement exclusive control over MCERA's investment portfolio. Except as otherwise expressly restricted by the California Constitution or other laws, the CERL allows the Board of Retirement to prudently invest, or delegate the authority to invest, the investment portfolio through the purchase, holding, or sale of any form or type of investment, financial instrument, or financial transaction.

Moreover, the CERL requires the Board of Retirement, its officers, and employees to discharge their duties with respect to MCERA and the investment portfolio under the following rules:

- "The members of the retirement board shall discharge their duties with respect to the system solely in the interest of, and for the exclusive purposes of providing benefits to, participants and their beneficiaries, minimizing employer contributions thereto, and defraying reasonable expenses of administering the system.

## E.2.b.2

### NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

- The members of the retirement board shall discharge their duties with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims.
- The members of the retirement board shall diversify the investments of the system to minimize the risk of loss and to maximize the rate of return, unless under the circumstances it is clearly not prudent to do so.”

#### Deposits

MCERA maintains cash deposits to support its investment activities and operational needs. Cash and cash equivalents are carried at cost plus accrued interest, which approximates fair value. As of June 30, 2022, \$50.1 million was held with outside financial institutions and \$55.5 million was held by MCERA's master custodian, State Street. Substantially all of the cash held by State Street is swept daily into collective short-term investment funds.

#### *Custodial Credit Risk – Deposits*

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the plan would not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Deposits are exposed to custodial credit risk if they are not insured or not collateralized. MCERA's deposits are covered by depository insurance or are collateralized by securities held with a financial institution in MCERA's name. The plan is only exposed to custodial credit risk for uncollateralized cash and cash equivalents that are not covered by federal depository insurance. As of June 30, 2022, MCERA had no exposure to custodial credit risk for deposits.

#### Investments

#### *Credit Risk*

Credit risk is the risk that an issuer or other counterparty to a debt instrument will not fulfill its obligations. This risk is measured by the assignment of ratings by nationally recognized statistical rating organizations. MCERA has adopted policies specific to each investment manager to manage credit risk. In general, fixed income securities should be well diversified to avoid undue exposure to any single economic sector, industry, or individual security. The credit risk ratings of MCERA's fixed income investments as of June 30, 2022, as rated by Standard & Poor's, are listed below (all dollars in thousands). The credit risk schedule excludes the \$147.7 million commingled global bond fund, which is included in the fixed income category on the Statement of Fiduciary Net Position.

Rating Category	Fair Value
AAA	\$ 16,437
AA	13,497
A	76,042
BBB	136,435
BB	29,786
B	5,738
CCC	996
CC	95
Agencies	17,775
U.S. Treasuries	16,390
No Rating	141,299
<b>Total</b>	<b>\$ 454,490</b>



## E.2.b.2

### NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

#### Investments (Continued)

##### *Custodial Credit Risk – Investments*

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the plan will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in MCERA's name, and are held by the counterparty. MCERA's investment securities in general are not exposed to custodial credit risk because MCERA's securities are held by MCERA's custodial bank in MCERA's name; however, MCERA participates in securities lending transactions, as lender, and the securities loaned in those circumstances are exposed to some degree of custodial credit risk. MCERA has no general policy on custodial credit risk for investments; however, MCERA does require that its custodian maintain insurance to help protect against losses due to negligence, theft, and certain other events.

##### *Concentration of Credit Risk*

Concentration of credit risk is the risk of loss attributed to the concentration of the plan's investment in a single issuer. MCERA's investment policy limits exposure to any single investment manager or product. As of June 30, 2022, MCERA did not hold any investments in any one issuer that would represent five percent or more of total investments. Investments issued or explicitly guaranteed by the U.S. government and pooled investments are excluded from the policy requirement.

##### *Interest Rate Risk*

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Duration is a measure of the price sensitivity of a fixed income portfolio to changes in interest rates. It is calculated as the weighted average time to receive a bond's coupon and principal payments. The longer the duration of a portfolio, the greater its price sensitivity to changes in interest rates.

Interest rate risk is managed through MCERA's investment policy and investment guidelines, which require the effective duration of individual fixed income portfolios to remain within a defined range (75% to 125%) of the appropriate benchmark. The primary benchmarks for domestic and global fixed income portfolios are the Barclays Aggregate Bond Index, the Barclays Intermediate Credit Index, and the Citigroup World Government Bond Index. The interest rate risk schedule presents the weighted average duration of fixed income securities by investment category as of June 30, 2022. This schedule excludes the \$147.7 million commingled global bond fund, which is included in the fixed income category on the Statement of Fiduciary Net Position.

June 30, 2022 (all dollars in thousands):

Investment Type	Fair Value	Weighted Average Duration (in Years)
Mortgage and Asset-Backed	\$ 48,390	1.00
Corporate Bonds	251,832	5.15
U.S. Government Agency Securities	17,775	5.97
Government Issues	32,911	13.36
Municipal Obligations	5,825	6.49
Commingled Bond Investments	4,868	0.02
<b>Total</b>	<b>\$361,601</b>	
Other Bonds – No Duration	\$ 92,889	
<b>Total</b>	<b>\$454,490</b>	

## E.2.b.2

### NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

#### Investments (Continued)

##### *Foreign Currency Risk*

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. MCERA invests, through its investment managers, in forward currency contracts and currency futures contracts (maturity ranging from at least 30 days and not to exceed one year for either instrument). Any financial results attributable to net currency gains or losses are included in the investment results for MCERA's appropriate asset class and are not reported separately. MCERA has no general investment policy with respect to foreign currency risk.

Forward currency contracts typically range from one to six months and are used to hedge against adverse movement in currency exchange rates and to facilitate settlement of transactions in foreign securities.

Futures currency contracts are used to hedge against a possible increase in the price of currency. Futures contracts are classified by category of underlying instrument such as equity, fixed income, commodity, or cash equivalent.

Although risk exists with respect to foreign currency denominated assets held in commingled vehicles, MCERA's direct foreign currency risk is minimal. The following table presents a summary of securities with non-U.S. Dollars (non-USD) base currencies as of June 30, 2022 (all dollars in thousands):

Base Currency or Country	Base Currency Code	Fair Value in U.S. Dollars
Euro	EUR	\$ 6,683
Mexican Peso	MXN	809
<b>Total Non-USD Securities</b>		<b>\$ 7,492</b>

##### *Rate of Return*

For the fiscal year ended June 30, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was (9.4)% The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

##### *Fair Value Measurements*

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. GASB Statement No. 72 (GASB 72), *Fair Value Measurement and Application*, was issued to address accounting and financial reporting issues related to fair value measurement. MCERA follows GASB 72. The standard establishes a fair value hierarchy based on three types of inputs that measure the fair value of investments.

- *Level 1:* Reflects quoted prices (unadjusted) for identical assets or liabilities in active markets;
- *Level 2:* Reflects prices that are based on similar observable inputs other than quoted market prices; and
- *Level 3:* Reflects prices that are based on unobservable sources.

Inputs used to measure fair value might fall in different levels of the fair value hierarchy, in which case MCERA defaults to the lowest level input that is significant to the fair value measurement in its entirety. In determining the appropriate levels, a detailed analysis was performed of the assets and liabilities that are subject to GASB 72.

## E.2.b.2

### NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

#### Investments (Continued)

#### Fair Value Measurements (Continued)

At June 30, 2022, MCERA had the following fair value measurements:

		Quoted Prices in Active Markets for Identical Assets				Significant Other Observable Inputs	Significant Unobservable Inputs	
Investments by Fair Value Level		Total	Level 1	Level 2	Level 3			
Debt Securities								
Mortgage and Asset-Backed	\$	48,389,766	\$	—	\$	48,389,766	\$	—
Corporate Bonds		251,831,984		—		251,831,984		—
U.S. Government Agency Securities		17,775,129		—		17,775,129		—
Government Issues		32,911,327		—		32,911,327		—
Municipal Obligations		5,824,779		—		5,824,779		—
Commingled Bond Investments		245,454,847		—		245,454,847		—
Total Debt Securities	\$	602,187,832	\$	—	\$	602,187,832	\$	—
Equity Securities								
Common Stock	\$	843,274,599	\$	843,274,599	\$	—	\$	—
Preferred Stock		224,592		134,829		89,763		—
Mutual Funds and Commingled Investments		531,370,282		356,940,580		174,429,702		—
Total Equity Securities		\$1,374,869,473		\$1,200,350,008		\$ 174,519,465		—
Other Assets								
Private Real Estate - Commingled Investments	\$	307,812,467	\$	—	\$	54,714,683	\$	253,097,784
Private Real Estate - Direct Ownership		18,099,990		—		—		18,099,990
Public Real Assets - Mutual Funds and Commingled Investments		166,523,844		52,449,775		114,074,069		—
Securities Lending Cash Collateral		91,684,215		—		91,684,215		—
Total Other Assets	\$	584,120,516	\$	52,449,775	\$	260,472,967	\$	271,197,774
Total Investments by Fair Value Level		\$2,561,177,821	\$1,252,799,783		\$1,037,180,264		\$ 271,197,774	
Investments Measured at Net Asset Value (NAV)								
Private Equity Funds	\$	381,189,877						
Opportunistic Funds		52,423,308						
Total NAV Investments	\$	433,613,185						
Total Investments		\$2,994,791,006						
Investments in Derivative Instruments (all dollars in thousands)								
Forwards	\$	(86)	\$	(86)	\$	—	\$	—
Futures		(2,016)		(2,016)		—		—
Swaps		(3)		—		(3)		—
Total Derivatives	\$	(2,105)	\$	(2,102)	\$	(3)	\$	—

## E.2.b.2

### NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

#### Investments (Continued)

##### *Fair Value Measurements (Continued)*

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. Debt and equity securities classified in Level 2 of the fair value hierarchy are valued using the following approaches:

- U.S. Treasuries, U.S. Agencies, and Commercial Paper: quoted prices for identical securities in markets that are not active;
- Corporate and Municipal Bonds: quoted prices for similar securities in active markets;
- Repurchase Agreements, Negotiable Certificates of Deposit, and Collateralized Debt Obligations: matrix pricing based on the securities' relationship to benchmark quoted prices;
- Money Market, Bond, and Equity Mutual Funds: published fair value per share (unit) for each fund; and
- Commingled and High-Yield Equity Investments: valued using matrix pricing techniques or quoted prices for similar securities in active markets.

Public real assets classified in Level 1 are valued using prices quoted in active markets for those securities. Public real assets and private real estate classified in Level 2 are commingled (collective) investment funds that are valued using matrix pricing techniques maintained by the various pricing vendors for those securities. Derivative instruments classified in Level 1 are valued directly from a predetermined primary external pricing vendor. Derivative instruments classified in Level 2 are valued using a market approach that considers benchmark interest rates and foreign exchange rates. Real estate investments classified in Level 3 are valued using periodic independent appraisals or internal valuation techniques, including discounted cash flows, sales comparisons, and cost approaches.

Investments measured at net asset value (NAV) are considered "alternative investments." Alternative investments are those for which exchange quotations are not readily available and are valued at the estimated fair value based on fund share price or percentage of ownership, as determined by the investment manager or general partner. The following table presents the redemption frequency (if currently eligible) and the redemption notice period for MCERA's alternative investments measured at NAV:

	Fair Value at June 30, 2022	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Private Equity Funds <sup>(1)</sup>	\$381,189,877	\$ 65,361,631	N/A	N/A
Opportunistic Funds <sup>(2)</sup>	\$ 52,423,308	\$ 48,669,782	N/A	N/A

- (1) Private Equity Funds:** MCERA's private equity portfolio is composed of eight funds investing primarily in buyout funds, venture capital, and special debt situations. The fair values of these funds have been determined using audited financial statements or estimates of NAV from the prior quarter plus current quarter cash flows. The funds are not eligible for redemption. At the end of the life of a private equity fund, remaining investments are liquidated, and proceeds are distributed. Limited extensions to the fund term are possible and are usually two years at the discretion of the General Partner and then longer if a majority of investors wish it.

## E.2.b.2

### NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

#### Investments (Continued)

##### *Fair Value Measurements* (Continued)

**(2) Opportunistic Funds:** MCERA's Opportunistic portfolio is comprised of three funds. The funds are illiquid limited partnerships and are valued at net asset value on a quarterly basis. Due to contractual limitations, the funds are not eligible for redemption but rather distribute capital proceeds over the funds' lifespans. Opportunistic investments are private closed end vehicles seeking investment opportunities resulting from market disruption within the credit and debt markets. All three funds were committed in September 2020 and typically have a lifespan of six to ten years.

### NOTE 4 – SECURITIES LENDING

Under provisions of state statutes, the MCERA Board of Retirement permits MCERA to participate in a securities lending program whereby securities are transferred to independent broker-dealers and other entities for collateral with a simultaneous agreement to return the collateral for the same securities plus a fee in the future. MCERA's custodial bank, State Street, is the agent for its securities lending program. State Street is authorized to lend U.S. government obligations, U.S. bonds and equities, and international bonds and equities that are being held in custody to various borrowers such as banks and brokers. All securities loans can be terminated on demand by either the lender or the borrower.

U.S. securities are loaned versus collateral valued at 102% of the fair value of the securities plus any accrued interest. Non-U.S. securities are loaned versus collateral valued at 105% of the fair value of the securities plus any accrued interest. Mark-to-market is performed every business day subject to de minimis rules of change in value, and the borrower is required to deliver additional collateral when necessary so that the total collateral held by the agent will be at least equal to the fair value of the borrowed securities. Collateral received may include cash, any other assets permissible under Rule 15c3-3 under the Exchange Act of 1934, U.S. and non-U.S. equities, and such other collateral as the parties may agree to in writing from time to time. Cash collateral is invested in a short-term investment pool. Non-cash collateral cannot be pledged or sold unless the borrower defaults. The following represents the balances relating to the securities lending transactions at June 30, 2022:

Securities Lent	Fair Value of Underlying Securities	Cash Collateral Investment Value
<b>Lent for Cash Collateral</b>		
U.S. government and agency securities	\$ 1,140,825	\$ 1,158,169
Domestic equities and corporate fixed-income securities	87,867,564	90,526,046
<b>Total Lent for Cash Collateral</b>	<b>\$ 89,008,389</b>	<b>\$ 91,684,215</b>

MCERA and the borrowers maintained the right to terminate securities lending transactions upon notice. The cash collateral received on each loan was invested, together with the cash collateral of other qualified tax-exempt plan lenders, in a collective investment fund comprised of a liquidity pool. As of June 30, 2022, the liquidity pool had an average duration of 3.9 days and an average weighted final maturity of 76.56 days for USD collateral. Because the securities lending transactions were terminable at will, their duration did not generally match the duration of the investments made with the cash collateral received from the borrower. On June 30, 2022, MCERA had no credit risk exposure to borrowers.

## E.2.b.2

### **NOTE 5 – DERIVATIVE FINANCIAL INSTRUMENTS**

Under the terms of the MCERA's IPS and investment guidelines, investment managers are permitted to use derivative instruments to implement market decisions and to control portfolio risk. Derivatives are contracts or securities whose cash flows or fair values are derived from the values of other securities, indices, or instruments, including, but not limited to, futures, forwards, options, swaps, and options on futures. MCERA's investment managers are not allowed to use derivatives for speculative purposes. Investment managers must ascertain and carefully monitor the creditworthiness of any third parties involved in derivative transactions.

Derivative instruments are reported at fair value as determined by MCERA's bank custodian. The changes in fair value of derivative instruments are reported within the investment revenue classification. For financial reporting purposes, all MCERA derivatives are classified as investment derivatives.

#### **Types of Permitted Derivative Investments**

##### *Futures Contracts*

A futures contract represents an agreement to buy (long position) or sell (short position) an underlying asset at a specified future date for a specified price. Payment for the transaction is delayed until a future date, which is referred to as the settlement or expiration date. Futures contracts are standardized contracts traded on organized exchanges.

##### *Forward Contracts*

A forward contract represents an agreement to buy or sell an underlying asset at a specified date in the future at a specified price. Payment for the transaction is delayed until the settlement or expiration date. A forward contract is a non-standardized contract that is tailored to each specific transaction. Forward contracts are privately negotiated and are intended to be held until the settlement date. Currency forward contracts are used to manage currency exposure and facilitate the settlement of international security purchase and sale transactions.

##### *Option Contracts*

An option contract is a type of derivative in which a buyer (purchaser) has the right, but not the obligation, to buy or sell a specified amount of an underlying security at a fixed price by exercising the option before its expiration date. The seller (writer) has an obligation to buy or sell the underlying security if the buyer decides to exercise the option.

##### *Swap Agreements*

A swap is an agreement between two or more parties to exchange a sequence of cash flows over a period of time in the future. No principal is exchanged at the beginning of the swap. The cash flows are tied to a "notional" or contract amount. A swap agreement specifies the time period over which the periodic payments will be exchanged. The fair value represents the gains or losses as of the prior marking-to-market.

## E.2.b.2

### NOTE 5 – DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

#### Investment Derivatives Summary

The following is a summary of derivative instruments at June 30, 2022, with the net appreciation/(depreciation) that has occurred during the fiscal year (all dollars in thousands):

Investment Derivatives by Type	Net Appreciation/ (Depreciation) in Fair Value Amount	Classification	Fair Value	Notional Amount
Credit Default Swaps Written	\$ (46)	Swaps	\$ (3)	\$ 6,906
Fixed Income Futures Long	(20,825)	Futures	–	143,059
Fixed Income Futures Short	9,936	Futures	–	(64,128)
Foreign Currency Futures Long	17	Futures	–	5,300
Foreign Currency Futures Short	1,219	Futures	–	(6,375)
FX Forwards	(161)	Long-Term Instruments	(86)	2,097
Index Futures Long	(1,444)	Futures	–	37
Index Futures Short	8,948	Futures	–	(32)
Rights	–	Common Stock	–	–
Warrants	(2)	Common Stock	–	–
<b>Total</b>	<b>\$ (2,358)</b>		<b>\$ (89)</b>	<b>\$ 86,864</b>

#### Types of Derivative Risk

##### *Counterparty Credit Risk*

To minimize counterparty credit risk exposure, MCERA investment managers continuously monitor credit ratings of counterparties. Should there be a counterparty failure, MCERA would be exposed to the loss of fair value of derivatives that are in asset positions and any collateral provided to the counterparty, net of the effect of applicable netting arrangements. Netting arrangements legally provide MCERA with a right of offset in the event of bankruptcy or default by the counterparty. MCERA has no general investment policy with respect to netting arrangements or collateral requirements. As of June 30, 2022, MCERA had no exposure to loss in case of default of a counterparty. In addition, MCERA had no collateral reducing exposure or liabilities subject to netting arrangements.

##### *Interest Rate Risk*

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. MCERA measures derivative interest rate risk using duration. MCERA had no investment derivative interest rate risk as of June 30, 2022.

## E.2.b.2

### NOTE 5 – DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

#### Types of Derivative Risk (Continued)

##### *Foreign Currency Risk*

Foreign currency risk is the risk that changes in currency exchange rates will adversely affect the fair value of an investment. Currency forward contracts represent foreign exchange contracts that are used to control currency exposure and facilitate the settlement of international security purchase and sale transactions. MCERA had the following derivative foreign currency exposures as of June 30, 2022 (all dollars in thousands):

Derivative Type	Currency	Fair Value
Currency Forward Contracts	Brazilian Real	\$ (23)
Currency Forward Contracts	Euro Currency	(61)
Currency Forward Contracts	Mexican Peso	(2)
<b>Total Foreign Derivatives</b>		<b>\$ (86)</b>

### NOTE 6 – REAL ESTATE

MCERA holds real estate assets directly and in commingled real estate funds. Real estate investments owned directly are appraised annually by independent third-party appraisers in accordance with the Uniform Standards of Professional Appraisal Practice. Properties held in commingled pools are subject to regular internal valuations by investment management firms/general partners with independent third-party appraisals accomplished at regular intervals. Internal valuation techniques include discounted cash flows, sales comparisons, and cost approaches, which typically involve a degree of expert judgment.

MCERA engages Woodmont Real Estate Services to manage the direct real estate investments and has investments in commingled real estate portfolios with other firms, as listed below. At June 30, 2022, the estimated fair value of MCERA's real estate portfolio was \$325,912,457.

MCERA has the following real estate holdings as of June 30, 2022 (all dollars in thousands):

	Fair Value
<b><i>Direct Investments</i></b>	
San Rafael	\$ 18,100
<b><i>Total Direct Investments</i></b>	<b>\$ 18,100</b>
<b><i>Commingled Investments</i></b>	
AEW Core	\$ 135,274
Blackrock REIT	54,715
UBS – TPF	117,824
<b><i>Total Commingled Investments</i></b>	<b>\$ 307,813</b>
<b>Total Real Estate Investments</b>	<b>\$ 325,913</b>



## E.2.b.2

### **NOTE 7 – CONTRIBUTIONS**

The funding objective of the Board of Retirement is to collect sufficient assets to permit the payment of all regular benefits promised under MCERA and to minimize the volatility of contribution rates from year to year as a percentage of covered payroll. As a condition of participation under the provisions of the CERL, members are required to pay a percentage of their salaries depending upon their age at date of entry into the plan, membership type, and benefit tier. There are three sources of funding for retirement benefits: employer contributions, member contributions, and the earnings on investments held by the plan.

Separate annual actuarial valuations are performed for three employer groups for the purpose of determining the funded position of the retirement plan and the employer and member contributions necessary to pay benefits for MCERA members not otherwise funded by current assets or projected member contributions or investment earnings. The three employer groups are: (1) City of San Rafael, (2) Novato Fire Protection District, and (3) County of Marin and the remaining special districts.

#### **Employer Contributions**

For fiscal year 2022, the employer contribution rates are actuarially determined by using the Entry Age Normal to Final Decrement funding method. Employer contribution rates are made up of two parts:

1. The Normal Cost or the cost of the employer's portion of the benefit that is allocated to the current year.
2. The payment to amortize the Unfunded Actuarial Liability (UAL). The UAL is the excess of the plan's accrued liability over its assets.

#### **Member Contributions**

Active members are required by statute to contribute toward pension plan benefits. The member contribution rates for non-PEPRA members are formulated separately for each employer group on the basis of age at the date of entry and actuarially calculated benefits. The member contribution rate for PEPRA members is a flat rate of at least 50 percent of the normal cost for the defined benefit plan, rounded to the nearest quarter of one percent, formulated separately for each employer. The CERL authorizes participating employers to "pickup" all or a portion of an employee's retirement contribution obligation on the employee's behalf; however, PEPRA eliminates that authorization as to PEPRA members, with a limited exception relating to contracts in effect on January 1, 2013. Interest is credited to member contributions every six months based on the prior six months ending balance. Members are not permitted to borrow against their contributions. Upon termination of employment, members may withdraw their contributions by requesting a refund of their accumulated contributions and interest. The employer paid contribution pickups are typically not refundable.

General member contributions range from 7.87% to 18.14%; Safety member contributions range from 13.59% to 24.69%. These figures include additional cost sharing for some members determined through labor negotiations.

### **NOTE 8 – RESERVES**

MCERA carries accounts within Net Position Restricted for Pension Benefits as reserve accounts for various operating purposes. Reserves are neither required nor recognized under accounting principles generally accepted in the United States of America. These are not shown separately on the Statement of Fiduciary Net Position, as the sum of these reserves equals the Net Position Restricted for Pension Benefits. Reserves are established from member and employer contributions and the accumulation of investment income (loss) after satisfying investment and administrative expenses.

## E.2.b.2

### **NOTE 8 – RESERVES** (Continued)

#### **Semi-Annual Interest Crediting**

MCERA updates reserve balances on a semi-annual basis as of June 30 and December 31 each year. At these times, MCERA carries out a multi-step process to calculate new reserve balances as specified in Article 5 of the CERL. The amount of “net earnings” to be credited for the semi-annual period is calculated based on actuarial smoothing. To the extent that net earnings are available, interest is credited to specified components of reserves in a prescribed sequence according to MCERA policy.

#### **Components of Reserves**

##### *Employee Reserve*

This represents the total accumulated member contributions of current active and inactive (deferred) members. Additions include member contributions and credited interest. Deductions include refunds of member contributions along with credited interest and transfers to Retiree Member Reserves made when a member retires.

##### *Employer Reserve*

This represents the total accumulated employer contributions for future retirement payments to active and deferred members. Additions include contributions from the employers and credited interest. Deductions include transfers to the Retiree Member Reserves made when each member retires. Employer contribution rates are actuarially determined taking into account other events such as members electing refund of contributions.

##### *Retiree Reserves*

These represent funds accumulated to pay retirement benefits to retired members, including credited interest, reduced by payments to retired members, beneficiaries, and survivors. The Retiree Pension Reserve and the Retiree Annuity Reserve represent the total net accumulated transfers from the Employer Reserve and the Employee Reserve, respectively, both made at the time each member retires. The Survivor Death Benefit and Continuance Reserve represents the accumulated employer and employee contributions, plus credited interest, to be used to pay death and survivorship benefits. The Cost of Living Reserve represents the accumulated contributions of the employer and the members, plus credited interest, to be used to pay COLAs.

##### *Contingency Reserve*

This represents earnings in excess of the total interest credited to valuation reserves, up to one percent of fair value of MCERA's total assets. The Contingency Reserve is treated as a non-valuation asset and is used as a reserve against deficiencies in available earnings in other years, as provided in Government Code Sections 31592 and 31592.2.

##### *Unrestricted Earnings Reserve*

This represents earnings in excess of the total interest credited to all other reserves that have not been allocated by the Board of Retirement to other reserves.

##### *Contra Account*

This is an accounting informational mechanism used to track any historical shortfalls of available earnings credited to valuation reserves other than the Unrestricted Earnings Reserve on or after December 31, 2009, relative to the earnings required to credit interest at the full valuation rate to those valuation reserves.

## E.2.b.2

### NOTE 9 – NET PENSION LIABILITY (ASSET)

#### Net Pension Liability (Asset) of Employers

The net pension liability (asset) (i.e., the plan's liability (asset) determined in accordance with GASB Statement No. 67 less the fiduciary net position) is shown below:

Change in Net Pension Liability (Asset) from Fiscal Year Ended (FYE) 2021 to FYE 2022 <sup>1, 2</sup>			
	Increase (Decrease)		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
<b>Balances at June 30, 2021</b>	<b>\$3,233,119,109</b>	<b>\$3,395,520,286</b>	<b>\$ (162,401,177)</b>
<b>Changes for the Year:</b>			
Service Cost	69,061,416	–	69,061,416
Interest	214,652,039	–	214,652,039
Changes of Benefits	–	–	–
Differences Between Expected and Actual Experience	(17,263,371)	–	(17,263,371)
Changes of Assumptions	–	–	–
Contributions – Employer	–	85,165,422	(88,165,422)
Contributions – Plan Member	–	33,878,121	(33,878,121)
Net Investment Income (Loss)	–	(322,722,434)	322,722,434
Benefit Payments	(177,001,703)	(177,001,703)	–
Administrative Expenses	–	(4,960,544)	4,960,544
<b>Net Changes</b>	<b>89,448,381</b>	<b>(385,641,138)</b>	<b>475,089,519</b>
<b>Balances at June 30, 2022</b>	<b>\$3,322,567,490</b>	<b>\$3,009,879,148</b>	<b>\$ 312,688,342</b>

<sup>1</sup> The Net Pension Liability (Asset) was measured as of June 30, 2022 and determined based upon rolling forward the Total Pension Liability from the actuarial valuation as of June 30, 2021.

<sup>2</sup> Amounts may differ from June 30, 2022 Audited Financial Statements due to rounding.

#### Actuarial Assumptions

MCERA retains an independent actuarial firm to conduct actuarial valuations of the pension plan to monitor MCERA's funding status and to establish the contribution rate requirements for the plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation.

## E.2.b.2

### NOTE 9 – NET PENSION LIABILITY (ASSET) (Continued)

#### Actuarial Assumptions (Continued)

The total pension liability as of June 30, 2022, was determined by an actuarial valuation as of June 30, 2021, updated to June 30, 2022, using the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB Statement No. 67. Key methods and assumptions used in the latest actuarial valuation are presented below:

<b>Inflation</b>	2.50%
<b>Salary Increases</b>	3.00% plus merit component based on employee classification and years of service
<b>Investment Rate of Return</b>	6.75%, net of pension plan investment expense
<b>Mortality Assumptions</b>	Active General: Sex distinct Public General 2010 Employee Mortality Table with generational mortality improvements projected from 2010 using Projection Scale MP-2020. Active Safety: Sex distinct Public Safety 2010 Above-Median Income Employee Mortality Table with generational mortality improvements projected from 2010 using Projection Scale MP-2020. Retired General: Sex distinct Public General 2010 Healthy Retiree Mortality Table with generational mortality improvements projected from 2010 using Projection Scale MP-2020. Retired Safety: Sex distinct Public Safety 2010 Above-Median Income Healthy Retiree Mortality Table with generational mortality improvements projected from 2010 using Projection Scale MP-2020.
<b>Most Recent Experience Study</b>	June 30, 2020 (conducted every three years)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and projected geometric real rates of return, after deducting inflation, but before investment expenses, used in the derivation of the long-term expected investment rate of return assumption for each major asset class are summarized in the following table:

Asset Class	June 30, 2022	
	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	23.00%	1.40%
Domestic Equities	32.00%	4.60%
International Equities	22.00%	4.85%
Public Real Assets	7.00%	3.20%
Real Estate	8.00%	3.65%
Private Equity	8.00%	6.00%
<b>TOTAL</b>	<b>100.00%</b>	

## E.2.b.2

### NOTE 9 – NET PENSION LIABILITY (ASSET) (Continued)

#### Discount Rate

The discount rate used to measure the total pension liability was 6.75% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the actuarially determined contribution rates. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2022.

#### Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability (asset) of MCERA as of June 30, 2022, calculated using the discount rate of 6.75%, as well as what MCERA's net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Total Pension Liability	\$ 3,752,440,833	\$ 3,322,567,490	\$ 2,968,573,633
Fiduciary Net Position	3,009,879,148	3,009,879,148	3,009,879,148
Net Pension Liability (Asset)	<u>\$ 742,561,685</u>	<u>\$ 312,688,342</u>	<u>\$ (41,305,515)</u>
Fiduciary Net Position as a Percentage of the Total Pension Liability	80.2%	90.6%	101.4%

### NOTE 10 – CAPITAL ASSETS

Capital asset activity for the fiscal year ending June 30, 2022, was as follows (all dollars in thousands):

	Balance June 30, 2021	Additions	Deletions	Balance June 30, 2022
<b><i>Capital Assets Being Depreciated:</i></b>				
Building and Building Improvements	\$ 3,140	\$ 1,205	\$ –	\$ 4,345
Tenant Improvements	4,354	–	–	4,354
Equipment	145	100	–	245
Computer Software/Hardware	4,374	–	–	4,374
<b><i>Total Capital Assets Being Depreciated</i></b>	<b>12,013</b>	<b>1,305</b>	<b>–</b>	<b>13,318</b>
<b><i>Less Accumulated Depreciation for:</i></b>				
Building	(991)	(122)	–	(1,113)
Tenant Improvements	(360)	(113)	–	(473)
Equipment	(115)	(11)	–	(126)
Computer Software/Hardware	(3,463)	(364)	–	(3,827)
<b><i>Total Accumulated Depreciation</i></b>	<b>(4,929)</b>	<b>(610)</b>	<b>–</b>	<b>(5,539)</b>
<b>Total Capital Assets, Net</b>	<b>\$ 7,084</b>	<b>\$ 695</b>	<b>\$ –</b>	<b>\$ 7,779</b>

Depreciation expense as of June 30, 2022, was \$610,717, and capitalized building improvements and equipment during the fiscal year June 30, 2022, were \$1,304,609.

## E.2.b.2

### **NOTE 11 – COMMITMENTS AND CONTINGENCIES**

#### **Litigation**

MCERA has no pending litigation as of the date of these financial statements.

#### **Securities Litigation**

MCERA's Class Action Securities Litigation Policy provides guidelines for monitoring litigation and for determining the appropriate participation by MCERA. Compliance with the policy assures that the Board of Retirement will continue to protect the financial interests of MCERA and its members.

#### **Capital Commitments**

MCERA's real estate and private equity investment managers identify and acquire investments on a discretionary basis. Each manager's investment activity and discretion is controlled by MCERA's IPS and the guidelines and limitations set forth in the contract, subscription agreement, limited partnership agreement, and/or other contractual documents applicable to each manager. Such investments are further restricted by the amount of capital allocated or committed to each manager. MCERA's IPS, contractual obligations, and capital commitments are subject to approval by the Board of Retirement and may be updated as often as necessary to reflect MCERA's prudent determinations regarding its investments, as well as changes in market conditions.

During fiscal year 2022, MCERA funded \$19,642,512 of its private equity capital commitments and \$24,218,631 of its opportunistic capital commitments. As of June 30, 2022, outstanding commitments to the various investment managers, as approved by the Board of Retirement, totaled \$65,361,631 for private equity and \$48,669,782 for opportunistic.

### **NOTE 12 – SUBSEQUENT EVENTS**

Subsequent events have been evaluated by management through [REDACTED], 2022, which is the date the financial statements were available to be issued. There were no subsequent events with a material effect on the financial statements or note disclosures that took place after June 30, 2022.

E.2.b.2

**REQUIRED SUPPLEMENTARY INFORMATION**

## E.2.b.2

### MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS <sup>1</sup>

	FYE 2022	FYE 2021	FYE 2020	FYE 2019	FYE 2018
<b>Total Pension Liability</b>					
Service cost	\$ 69,061,416	\$ 68,379,239	\$ 63,855,331	\$ 63,587,459	\$ 61,074,664
Interest (includes interest on service cost) <sup>2</sup>	214,652,039	207,084,921	203,816,884	195,274,191	188,096,539
Differences between expected and actual experience	(17,263,371)	8,570,419	15,620,886	16,721,629	(3,412,765)
Changes of assumptions	–	33,674,504	–	–	40,801,678
Benefit payments, including refunds of employee contributions <sup>2</sup>	(177,001,703)	(167,679,802)	(158,293,527)	(149,212,984)	(139,856,672)
Net Change in Total Pension Liability	89,448,381	150,029,281	124,999,574	126,370,295	146,703,444
Total Pension Liability - Beginning	3,233,119,109	3,083,089,828	2,958,090,254	2,831,719,959	2,685,016,515
<b>Total Pension Liability - Ending (a)</b>	<b>\$3,322,567,490</b>	<b>\$3,233,119,109</b>	<b>\$3,083,089,828</b>	<b>\$2,958,090,254</b>	<b>\$2,831,719,959</b>
<b>Fiduciary Net Position</b>					
Contributions – employer <sup>2</sup>	\$ 85,165,422	\$ 80,359,731	\$ 75,643,074	\$ 78,738,814	\$ 78,754,476
Contributions - plan member <sup>2</sup>	33,878,121	32,019,007	30,913,996	30,010,459	28,628,627
Net investment income (loss)	(322,722,434)	829,890,324	89,273,498	136,483,513	221,839,196
Benefit payments, including refunds of employee contributions <sup>2</sup>	(177,001,703)	(167,679,802)	(158,293,527)	(149,212,984)	(139,856,672)
Administrative expenses <sup>2</sup>	(4,960,544)	(4,383,839)	(4,607,760)	(5,056,350)	(4,203,705)
Net Change in Fiduciary Net Position	(385,641,138)	770,205,421	32,929,281	90,963,452	185,161,922
Fiduciary Net Position - Beginning	3,395,520,286	2,625,314,865	2,592,385,584	2,501,422,132	2,316,260,210
<b>Fiduciary Net Position - Ending (b)</b>	<b>\$3,009,879,148</b>	<b>\$3,395,520,286</b>	<b>\$2,625,314,865</b>	<b>\$2,592,385,584</b>	<b>\$2,501,422,132</b>
<b>Net Pension Liability (Asset) (a)-(b)</b>	<b>\$ 312,688,342</b>	<b>\$ (162,401,177)</b>	<b>\$ 457,774,963</b>	<b>\$ 365,704,670</b>	<b>\$ 330,297,827</b>
Fiduciary Net Position as a Percentage of the Total Pension Liability	90.59%	105.02%	85.15%	87.64%	88.34%
Covered Payroll	\$ 279,282,881	\$ 272,441,885	\$ 264,730,129	\$ 253,964,938	\$ 248,532,086
Net Pension Liability (Asset) as a Percentage of Covered Payroll	111.96%	(59.61%)	172.92%	144.00%	132.90%

<sup>1</sup> The Schedule of Changes in Net Pension Liability and Related Ratios is intended to show information for 10 years. Additional years will be displayed as they become available.

<sup>2</sup> Amounts may not sum to total due to rounding.



## E.2.b.2

### MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS (CONTINUED) <sup>1</sup>

	FYE 2017	FYE 2016	FYE 2015	FYE 2014
<b>Total Pension Liability</b>				
Service cost	\$ 57,090,773	\$ 55,208,834	\$ 49,064,492	\$ 49,014,858
Interest (includes interest on service cost) <sup>2</sup>	184,139,800	176,564,792	166,718,783	159,521,975
Differences between expected and actual experience	(904,678)	(212,631)	(31,054,298)	—
Changes of assumptions	—	—	144,753,646	—
Benefit payments, including refunds of employee contributions <sup>2</sup>	(131,937,062)	(124,203,519)	(115,984,752)	(109,342,861)
Net Change in Total Pension Liability	108,388,833	107,357,476	213,497,871	99,193,972
Total Pension Liability - Beginning	2,576,627,682	2,469,270,206	2,255,772,335	2,156,578,363
<b>Total Pension Liability - Ending (a)</b>	<b>\$2,685,016,515</b>	<b>\$2,576,627,682</b>	<b>\$2,469,270,206</b>	<b>\$2,255,772,335</b>
<b>Fiduciary Net Position</b>				
Contributions – employer <sup>2</sup>	\$ 77,502,945	\$ 75,260,980	\$ 68,915,072	\$ 69,980,201
Contributions - plan member <sup>2</sup>	28,053,775	27,207,157	24,920,493	22,952,689
Net investment income (loss)	248,347,501	42,927,728	100,055,573	309,002,468
Benefit payments, including refunds of employee contributions <sup>2</sup>	(131,937,062)	(124,203,519)	(115,984,752)	(109,342,861)
Administrative expenses <sup>2</sup>	(4,404,191)	(4,379,760)	(4,654,623)	(4,503,845)
Net Change in Fiduciary Net Position	217,562,968	16,812,586	73,251,763	288,088,652
Fiduciary Net Position - Beginning	2,098,697,242	2,081,884,656	2,008,632,893	1,720,544,241
Fiduciary Net Position - Ending (b)	\$2,316,260,210	\$2,098,697,242	\$2,081,884,656	\$2,008,632,893
<b>Net Pension Liability (Asset) (a)-(b)</b>	<b>\$ 368,756,305</b>	<b>\$ 477,930,440</b>	<b>\$ 387,385,550</b>	<b>\$ 247,139,442</b>
Fiduciary Net Position as a Percentage of the Total Pension Liability	86.27%	81.45%	84.31%	89.04%
Covered Payroll	\$ 242,045,311	\$ 238,185,040	\$ 223,825,880	\$ 218,340,721
Net Pension Liability (Asset) as a Percentage of Covered Payroll	152.35%	200.66%	173.07%	113.19%

<sup>1</sup> The Schedule of Changes in Net Pension Liability and Related Ratios is intended to show information for 10 years. Additional years will be displayed as they become available.

<sup>2</sup> Amounts may not sum to total due to rounding.

## E.2.b.2

### MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION SCHEDULE OF CONTRIBUTIONS HISTORY

	FYE 2022	FYE 2021	FYE 2020	FYE 2019	FYE 2018
Actuarially Determined Contributions	\$ 85,165,422	\$ 80,359,731	\$ 75,643,074	\$ 78,738,814	\$ 78,754,476
Contributions in Relation to the Actuarially Determined Contributions	85,165,422	80,359,731	75,643,074	78,738,814	78,754,476
Contribution Deficiency / (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll <sup>1</sup>	\$ 279,282,881	\$ 272,441,885	\$ 264,730,129	\$ 253,964,938	\$ 248,532,086
Contributions as a Percentage of Covered Payroll	30.49%	29.50%	28.57%	31.00%	31.69%

	FYE 2017	FYE 2016	FYE 2015	FYE 2014	FYE 2013
Actuarially Determined Contributions	\$ 77,502,945	\$ 75,260,980	\$ 68,915,072	\$ 69,660,201	\$ 69,853,000
Contributions in Relation to the Actuarially Determined Contributions	77,502,945	75,260,980	68,915,072	69,660,201	69,853,000
Contribution Deficiency / (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll <sup>1</sup>	\$ 242,045,311	\$ 238,185,040	\$ 223,825,880	\$ 218,340,721	\$ 211,001,594
Contributions as a Percentage of Covered Payroll	32.02%	31.60%	30.79%	31.90%	33.11%

<sup>1</sup> In accordance with GASB Statement No. 82, Covered Payroll is the payroll on which contributions are based.

## E.2.b.2

### MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION SCHEDULE OF INVESTMENT RETURNS\*

	FYE 2022**	FYE 2021**	FYE 2020**	FYE 2019**	FYE 2018**
Annual Money-Weighted Rate of Return, Net of Investment Expense	(9.40)%	32.75%	3.25%	5.41%	9.53%

	FYE 2017**	FYE 2016**	FYE 2015	FYE 2014
Annual Money-Weighted Rate of Return, Net of Investment Expense	12.21%	2.15%	5.04%	18.16%

\* The Schedule of Investment Returns is intended to show information for 10 years. Additional years will be displayed as they become available.

\*\* These calculations for the money-weighted rate of return, net of investment expense, were provided by MCERA's investment consultant, Callan Associates.

## E.2.b.2

### MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

#### **NOTE 1 – SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**

##### **Total Pension Liability**

The total pension liability contained in this schedule was obtained from MCERA's actuary, Cheiron.

##### **Service Cost**

The service cost is based on the previous year's valuation, meaning the 2022 and 2021 values are based on the valuations as of June 30, 2021 and June 30, 2020, respectively. The June 30, 2022 service costs have been calculated using the June 30, 2021 actuarial assumptions as described in Note 9 of the Notes to the Basic Financial Statements earlier in this report. The June 30, 2021 service costs have been calculated using the June 30, 2020 actuarial assumptions as described in Note 3 of the Notes to Required Supplementary Information on the following page.

##### **Change in Assumptions**

Triennially, MCERA requests that the actuary perform an analysis of all economic and non-economic assumptions in the form of an Experience Study. The most recent triennial Experience Study was for the period July 1, 2017 through June 30, 2020. Based on the results of this study, the Board of Retirement lowered the assumed rate of investment return from 7.00% to 6.75% effective with the June 30, 2020 valuation.

##### **Covered Payroll**

Covered payroll shown represents only the Compensation Earnable and Pensionable Compensation that is used in the determination of retirement benefits.

#### **NOTE 2 – SCHEDULE OF INVESTMENT RETURNS**

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

## E.2.b.2

### **NOTE 3 – ACTUARIAL ASSUMPTIONS USED IN CALCULATING THE ACTUARIALLY DETERMINED CONTRIBUTIONS**

<b>Valuation date</b>	June 30, 2020 (to determine FY 2021-22 contributions)
<b>Timing</b>	Actuarially determined contribution rates are calculated based on the actuarial valuation one year prior to the beginning of the plan year.
<b>Key methods and assumptions used to determine contribution rates:</b>	
<b>Actuarial cost method</b>	Entry Age Normal to Final Decrement
<b>Asset valuation method</b>	As of the June 30, 2014 valuation, assets are valued using the market value. The assets used to compute the Unfunded Actuarial Liability (UAL) are the market value of assets, minus the value of any non-valuation contingency reserves.
<b>Amortization method</b>	<p>The UAL (or Surplus Funding) is amortized as a percentage of the projected salaries of present and future members of MCERA. Effective with the June 30, 2013 valuation, the UAL as of June 30, 2013, is amortized over a closed 17-year period (10 years remaining as of June 30, 2020), except for the additional UAL attributable to the extraordinary loss from 2009, which is being amortized over a separate closed period (18 years remaining as of June 30, 2020).</p> <p>Subsequent unexpected change in the unfunded actuarial liability after June 30, 2014, is amortized over a closed 24-year period (22 years for assumption changes) that includes a 5-year phase-in/out (3 years for assumption changes) of the payments/credits for each annual layer.</p>
<b>Investment rate of return</b>	6.75%
<b>Inflation rate</b>	2.5%
<b>Cost of living adjustments (COLAs)</b>	2.5% for tiers with a 4.0% COLA cap 2.4% for tiers with a 3.0% COLA cap 1.9% for tiers with a 2.0% COLA cap
<b>Salary increases</b>	3.00% plus merit component based on employee classification and years of service
<b>Active mortality</b>	<p>Active General: Sex distinct Public General 2010 Employee Mortality Table with generational mortality improvements projected from 2010 using Projection Scale MP-2020.</p> <p>Active Safety: Sex distinct Public Safety 2010 Above-Median Income Employee Mortality Table with generational mortality improvements projected from 2010 using Projection Scale MP-2020.</p>
<b>Retiree mortality</b>	<p>Retired General: Sex distinct Public General 2010 Healthy Retiree Mortality Table with generational mortality improvements projected from 2010 using Projection Scale MP-2020.</p> <p>Retired Safety: Sex distinct Public Safety 2010 Above-Median Income Healthy Retiree Mortality Table with generational mortality improvements projected from 2010 using Projection Scale MP-2020.</p>

## E.2.b.2

### **NOTE 3 – ACTUARIAL ASSUMPTIONS USED IN CALCULATING THE ACTUARIALLY DETERMINED CONTRIBUTIONS** (Continued)

#### **Disabled mortality**

Retired Disabled General: Sex distinct Public General 2010 Disabled Retiree Mortality Table with generational mortality improvements projected from 2010 using Projection Scale MP-2020.

Retired Disabled Safety: Sex distinct Public Safety 2010 Disabled Retiree Mortality Table with generational mortality improvements projected from 2010 using Projection Scale MP 2020 adjusted by 95% for males with no adjustment for females.

**A complete description of the methods and assumptions used to determine contribution rates for the fiscal year ending June 30, 2022, can be found in the June 30, 2020 actuarial valuation report.**

E.2.b.2

**OTHER INFORMATION**

## E.2.b.2

### MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION SCHEDULE OF COST SHARING EMPLOYER ALLOCATIONS AS OF JUNE 30, 2022 <sup>1</sup>

Employer	Unfunded Liability (from the June 30, 2020 Actuarial Valuation) <sup>2</sup>	Proportionate Share	Net Pension Liability (Asset) <sup>3</sup>
County	\$ 279,082,561	53.4663%	\$ 167,182,887
City of San Rafael	148,170,360	33.7322%	105,476,657
Novato Fire	34,993,749	6.9368%	21,690,565
Superior Court	11,570,299	2.1883%	6,842,559
Southern Marin Fire	17,578,363	2.5255%	7,896,944
Mosquito District	7,675,159	0.8323%	2,602,505
Tamalpais CSD	407,469	0.2643%	826,435
Marin City CSD	-	0.0240%	75,045
LAFCO	-	0.0303%	94,745
<b>Total</b>	<b>\$ 499,477,960</b>	<b>100.0000%</b>	<b>\$ 312,688,342</b>

<sup>1</sup> Numbers may not sum to total due to rounding.

<sup>2</sup> The proportionate shares as of the June 30, 2021 measurement date were allocated based on the Unfunded Actuarial Liability (UAL) as of June 30, 2020, which is the same method that had been used historically. Proportionate shares for each employer have previously been determined based on the employer's share of the UAL reported in the most recent actuarial valuation. However, because the June 30, 2021 actuarial valuation reported positive UAL amounts for some employers and negative UAL amounts (i.e., surplus) for others, it would not be practical to determine proportionate shares based on each employer's share of the UAL from the 2021 valuation.

<sup>3</sup> Proportionate share of net pension liability is based on the actuarial valuation.



## E.2.b.2

**MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
SCHEDULE OF EMPLOYER PENSION AMOUNTS ALLOCATED BY COST SHARING PLAN  
AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2022 <sup>1</sup>**

Employer	Net Pension Liability (Asset)	Deferred Outflows of Resources				
		Differences Between Expected and Actual Economic Experience	Changes of Assumptions	Changes in Investment Return	Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	Total Deferred Outflows of Resources
County	\$ 167,182,887	\$ 4,379,119	\$ 9,002,256	\$ 48,429,253	\$ 16,019,918	\$ 77,830,546
City of San Rafael	105,476,657	2,762,812	5,679,576	30,554,298	7,957,716	46,954,402
Novato Fire	21,690,565	568,154	1,167,966	6,283,286	1,946,068	9,965,474
Superior Court	6,842,559	179,231	368,450	1,982,141	674,217	3,204,039
Southern Marin Fire	7,896,944	206,849	425,225	2,287,573	2,038,564	4,958,211
Mosquito District	2,602,505	68,169	140,136	753,889	713,358	1,675,552
Tamalpais CSD	826,435	21,647	44,501	239,400	653,151	958,699
Marin City CSD	75,045	1,966	4,041	21,739	112,855	140,601
LAFCO	94,745	2,482	5,102	27,445	111,304	146,333
<b>Totals</b>	<b>\$ 312,688,342</b>	<b>\$ 8,190,429</b>	<b>\$ 16,837,252</b>	<b>\$ 90,579,025</b>	<b>\$ 30,227,150</b>	<b>\$ 145,833,856</b>

<sup>1</sup> Numbers may not sum to total due to rounding.

## E.2.b.2

**MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
**SCHEDULE OF EMPLOYER PENSION AMOUNTS ALLOCATED BY COST SHARING PLAN (Continued)**  
**AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2022 <sup>1</sup>**

<u>Deferred Inflows of Resources</u>			
<u>Employer</u>	<u>Differences Between Expected and Actual Economic Experience</u>	<u>Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions</u>	<u>Total Deferred Inflows of Resources</u>
County	\$ 6,922,564	\$ 4,712,568	\$ 11,635,132
San Rafael	4,367,486	19,695,890	24,063,376
Novato Fire	898,144	1,720,080	2,618,224
Superior Court	283,331	262,104	545,435
Southern Marin Fire	326,990	1,991,186	2,318,176
Mosquito District	107,762	1,569,575	1,677,337
Tamalpais CSD	34,220	260,192	294,412
Marin City CSD	3,107	2,334	5,441
LAFCO	3,923	13,222	17,145
<b>Totals</b>	<b>\$ 12,947,528</b>	<b>\$ 30,227,150</b>	<b>\$ 43,174,677</b>

<sup>1</sup> Numbers may not sum to total due to rounding.

## E.2.b.2

**MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
SCHEDULE OF EMPLOYER PENSION AMOUNTS ALLOCATED BY COST SHARING PLAN (Continued)  
AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2022 <sup>1</sup>**

<b>Pension Expense Excluding that Attributable to Employer-Paid Member Contributions</b>			
<b>Employer</b>	<b>Proportionate Share of Allocable Pension Plan Expense</b>	<b>Net Amortization of Deferred Amounts from Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions</b>	<b>Total Pension Expense Excluding that Attributable to Employer-Paid Member Contributions</b>
County	\$ 18,349,669	\$ 5,253,757	\$ 23,603,426
City of San Rafael	11,576,913	(7,528,458)	4,048,455
Novato Fire	2,380,714	1,383,844	3,764,557
Superior Court	751,026	270,826	1,021,852
Southern Marin Fire	866,753	1,094,466	1,961,219
Mosquito District	285,646	(439,734)	(154,088)
Tamalpais CSD	90,708	(131,330)	(40,623)
Marin City CSD	8,237	58,208	66,444
LAFCO	10,399	38,422	48,821
<b>Totals</b>	<b>\$ 34,320,065</b>	<b>\$ -</b>	<b>\$ 34,320,063</b>

<sup>1</sup> Numbers may not sum to total due to rounding.

## E.2.b.2

### MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION NOTES TO OTHER INFORMATION

#### **NOTE 1 – BASIS OF PRESENTATION AND BASIS OF ACCOUNTING**

Employers participating in Marin County Employees' Retirement Association (MCERA) are required to report pension information in their financial statements for fiscal periods beginning on or after June 15, 2014, in accordance with Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27*. The Schedule of Employer Pension Amounts Allocated by Cost Sharing Plan and Schedule of Cost Sharing Employer Allocations, along with MCERA's audited financial statements, the GASB Statement No. 67 Actuarial Valuation as of June 30, 2021, and the GASB Statement No. 68 Actuarial Valuation Based on a June 30, 2022 Measurement Date for Employer Reporting as of June 30, 2022, prepared by MCERA's independent actuary, provide the required information for financial reporting related to MCERA that employers may use in their financial statements.

The accompanying schedules were prepared by MCERA's independent actuary and were derived from information provided by MCERA in accordance with accounting principles generally accepted in the United States of America as applicable to governmental organizations.

#### **NOTE 2 – USE OF ESTIMATES IN THE PREPARATION OF THE SCHEDULES**

The preparation of these schedules in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain amounts and disclosures. Actual results could differ from those estimates.

#### **NOTE 3 – AMORTIZATION OF DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES**

The difference between projected and actual investment earnings on pension plan investments is amortized over 5 years on a straight-line basis. One-fifth was recognized in pension expense during the measurement period, and the remaining difference between projected and actual investment earnings on pension plan investments at June 30, 2022, is to be amortized over the remaining periods.

The changes in assumptions and differences between expected and actual experience are recognized over the average of the expected remaining service lives of all employees that are provided with pensions through MCERA (active and inactive employees) determined as of June 30, 2021 (the beginning of the measurement period ending June 30, 2022) and is four years. Prior period changes of assumptions and differences between expected and actual experience are continued to be recognized based on the expected remaining service lives of all employees calculated as of those prior measurement dates.

In addition, the net effect of the change in the employer's proportionate share of the net pension liability and deferred outflows of resources and deferred inflows of resources is also recognized over the average expected remaining service lives of all employees noted above. The difference between the actual employer contributions and the proportionate share of the employer contributions during the measurement period ending on June 30, 2022, is recognized over the same period as noted above. The Schedule of Employer Pension Amounts Allocated by Cost Sharing Plan does not reflect contributions made to MCERA subsequent to the measurement date as defined in GASB Statement No. 68 Paragraphs 54, 55, and 57. Appropriate treatment of such amounts is the responsibility of the employers.



## PRELIMINARY AGENDA

### SUNDAY, OCTOBER 23

- 3:00 pm – 6:30 pm      Registration
- 4:00 pm – 4:45 pm      Opening General Session  
Capital Market Development for Public Safety Funds  
*Julian Regan, Segal Marco Advisors*  
*Rosemary Guillette, Segal Marco Advisors*
- 5:00 pm – 6:30 pm      Exhibition & Reception

### MONDAY, OCTOBER 24

- 7:00 am – 8:00 am      Breakfast
- 7:00 am – 1:00 pm      Registration
- 7:00 am – 1:00 pm      Exhibition
- 8:00 am – 1:00 pm      General Session
- 8:00 am – 8:45 am      Historic and Current Market Volatility – What Are Implications to  
Investors and How Are Allocations Shifting  
*Steve Hagenbuckle, TerraCap Management LLC*
- 8:45 am – 9:30 am      Dispelling Presumptions about My Assumptions: A Closer Look at  
Actuarial Assumptions for Public Safety Pensions  
*Pete Strong, Gabriel, Roeder, Smith & Company*  
*Israel Bichachi, Gabriel, Roeder, Smith & Company*

## E.3.a

9:30 am – 10:15 am Police and Firemen's Retirement System of New Jersey – Path to True Pension Reform

*Ed Donnelly, PFRS NJ*

*Greg Petzold, PFRS NJ*

*Tim Colacci, PFRS NJ*

10:15 am – 11:00 am Surprise Healthcare Bill Regulatory and Litigation Developments

*Chet Waldman, Wolf Popper LLP*

11:00 am – 11:30 am Exhibit Break

11:30 am – 12:15 pm Economic Outlook and Investment Opportunities for Public Plans

*Shayan Hussain, BlackRock*

12:15 pm – 1:15 pm Actuarial Assumptions Unique to Public Safety Pensions

*Kevin Vandolder, CFA, AndCo Consulting*

*Jason Franken, FSA, Foster & Foster*

*David Lebovitz, Global Market Strategist, JPMorgan*

5:00 pm – 6:00 pm Networking Reception

## TUESDAY, OCTOBER 25

7:00 am – 8:00 am Breakfast

7:00 am – 1:00 pm Registration

7:00 am – 1:00 pm Exhibition

8:00 am – 1:30 pm General Session

8:00 am – 8:45 am Federal Legislative and Regulatory Update

*Anthony Roda, Williams & Jensen, PLLC*

8:45 am – 9:30 am Reducing Retiree Healthcare Costs and HELPS

*Ryan Jessell, Willis Towers Watson*

9:30 am – 10:15 am Inflation Considerations: Preparing Your Portfolio for the Next Risk

*Lauren Ferry, Nuveen*

10:15 am – 10:45 am Exhibit Break

## E.3.a

10:45 am – 11:30 am Public Safety-Who We Are and Why It Matters

*Lisa Harrison, Ice Miller, LLP*

*Jason Paulsmeyer, Missouri LAGERS*

11:30 am – 12:15 pm Private Alternative Considerations in a Public Safety Pension Plan Portfolio

*Briana Succop, Alliance Bernstein*

12:15 pm – 12:45 pm Cybersecurity and Pension Websites

*Speakers TBD*

12:45 pm – 1:15 pm Hidden Challenges Ahead for the Public Safety Workforce

*Josh Franzel, MissionSquare Retirement*

5:00 pm – 6:00 pm Networking Reception

### WEDNESDAY, OCTOBER 26

7:00 am – 8:00 am Breakfast

7:00 am – 12:00 pm Registration

7:00 am – 10:30 am Exhibition

8:00 am – 12:30 pm General Session

8:00 am – 8:45 am Healthcare Costs and Setting Up a Retiree Medical Trust

*David Harris, Nationwide Retirement Institute*

*Shana Saichek, The Wagner Law Group*

8:45 am – 9:30 am Applying the Principles and Methods of Journalism to Pension Communications

*Christian Palmer, PSPRS*

9:30 am – 10:15 am The Emergence of Secondaries as a Mainstream Private Equity Investment Category

*Joe Marks, Capital Dynamics*

10:15 am – 10:30 am Exhibit Break

## E.3.a

10:30 am – 11:15 am The Application of New Metrics to Measure Pension Health

*Tom Sgouros, Brown University*

*Scott McCarty, Arizona PSRS*

11:15 am – 12:00 pm The Real Deal for the Public Sector: Retirement Income Adequacy Study

*Dan Doonan, National Institute on Retirement Security*

*Emily Swickard, AON*

*Eric Atwater, AON*

12:00 pm – 12:45 pm Retooling Communication: Why Pension Plans Are Indispensable Tools

*Robert Wilson, LAGERS*

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# SACRS FALL CONFERENCE 2022 | NOV. 8-11

Hyatt Regency Long Beach | Long Beach, CA

## CONFERENCE AGENDA



### TUESDAY, NOVEMBER 8

**2:00 PM - 6:30 PM** ▶ LOCATION: Regency Foyer

#### SACRS CONFERENCE REGISTRATION DESK

**3:00 PM - 5:00 PM** ▶ LOCATION: Beacon A

#### ETHICS TRAINING FOR CALIFORNIA PUBLIC OFFICIALS: MORE THAN A CONCEPT

This comprehensive and mandated training for California public officials regarding their ethical responsibilities meets the legal requirement for this program and also is tailored to address nuances of public retirement system governance that impacts those who serve on public retirement boards or work for public retirement systems.

**SPEAKERS:** Ashley Dunning, Partner, Nossaman, LLP and Peter Mixon, Partner, Nossaman, LLP

**3:00 PM - 5:00 PM** ▶ LOCATION: Beacon B

#### SEXUAL HARASSMENT PREVENTION TRAINING FOR LOCAL AGENCY OFFICIALS (AB1661)

Nossaman LLP attorneys John Kennedy and Pavneet Mac 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, Partner, Nossaman, LLP and Pavneet Mac, Attorney, Nossaman, LLP

**5:30 PM - 6:30 PM** ▶ LOCATION: Rainbow Pavilion/Lagoon Area

#### SACRS NETWORKING RECEPTION

Build interactive collaborations, uncover new opportunities, and enjoy a great networking experience. All registered attendees welcome.



## WEDNESDAY, NOVEMBER 9

7:00 AM - 8:00 AM ▶ LOCATION: Harbor Room

## SACRS WELLNESS SESSION - YOGA

Fitting in fitness when away from home is often difficult, but not during SACRS 2022 Fall Conference! We bring a yoga class onsite to start your day the right way. This class, led by a certified yoga instructor, is intended for everyone, beginner to expert. Water and towels provided. Pre-registration is required to participate for conference attendees & guests and \$15 participation fee.

7:30 AM - 8:30 AM ▶ LOCATION: Rainbow Pavilion/Lagoon Area

## SACRS BREAKFAST

7:30 AM - 6:00 PM ▶ LOCATION: Regency Foyer

## SACRS CONFERENCE REGISTRATION DESK

8:45 AM - 9:00 AM ▶ LOCATION: Regency Ballroom

**GENERAL SESSION WELCOME** - Vivian Gray, Trustee, Los Angeles County Employees' Retirement Association, SACRS President; Flags Presented By The Long Beach Police Department Color Guard; and National Anthem performed by the "CHOIRtine"

9:00 AM - 10:00 AM ▶ LOCATION: Regency Ballroom

## KEYNOTE GENERAL SESSION - Navigating Uncertainty: Identifying Opportunities &amp; Spotting Risks

In the midst of today's global economic and political chaos, we can think of no one better to help us understand today's world than SACRS returning speaker, Vikram Mansharamani. For more than 10 years, he's been helping us "think differently" and try to connect the dots about the markets and the world. SACRS Affiliate Member, Scott Draper, Algert Global, will begin with a fireside chat discussing inflation, geopolitics, technology, energy and China. Vikram has encouraged us to make the session interactive...and those of us who know him are aware he is willing to jump off the stage and walk through the audience to cold-call on audience members! So bring the questions you've been dying to ask to this what is sure to be a lively and engaging session!

SPEAKER: Vikram Mansharamani

MODERATOR: Scott Draper, Partner, Algert Global

10:00 AM - 10:30 AM ▶ LOCATION: Regency Foyer

## SACRS NETWORKING BREAK

10:30 AM - 11:30 AM ▶ LOCATION: Regency Ballroom

## GENERAL SESSION - What's Next for Real Estate?

Join three real estate specialists as they discuss the role of real estate in the portfolio, changing market conditions and how they affect real estate. How are rising interest rates and global geopolitics likely to impact portfolios and opportunities? What are investors leaning into and avoiding and why? What does this mean for how investors are approaching risk levels, global real estate investing, structures? How will the rising focus on ESG, particularly climate change policy and legislation affect real estate and what are investors doing about it?

**SPEAKERS:** Sam Spencer, CAIA, Investment Division, Oregon State Treasury; Margaret McKnight, Partner and Head of Portfolio Solutions, StepStone Group; and Emi Adachi, Director, Heitman

**MODERATOR:** John D'Agostino, Senior Director, Institutional Sales, Coinbase



## WEDNESDAY, NOVEMBER 9 CONTINUED

11:30 AM - 12:30 PM ▶ LOCATION: Regency Ballroom

**GENERAL SESSION - Water Resources and The Impact On Economy**

Access to clean water and sanitation is a keystone for any society's longevity, yet a staggering portion of people today lack access to these resources. Freshwater is a limited resource that faces growing global demand, exacerbated by the impacts of climate change and under-investment in water and wastewater infrastructure. According to the World Health Organization, one in three people (2.2 billion) do not have access to safe drinking water and roughly double that (4.2 billion) lack access to safely managed sanitation. Today one-quarter of the world faces extremely high-water stress (>80% of the available supply is withdrawn every year) and over 800,000 people in low- and middle-income countries die each year as a result of inadequate water, sanitation, and hygiene. Economic losses from this lack of water and sanitation amount to \$260bn annually (WHO). The need to act now is underscored by a growing global population and mounting impacts of climate change which should continue to exacerbate water scarcity around the globe, potentially resulting in significant human and economic consequences.

**SPEAKERS:** Heather Beatty, Founder, Chief Executive Officer, ScopeFour Capital and Nashat Moin, Senior ESG Analyst, Sustainable Investments, Global Fixed Income, Allspring Global Investments

**MODERATOR:** Debby Cherney, Chief Executive Officer, San Bernardino County Employees' Association

12:30 PM - 1:30 PM ▶ LOCATION: Rainbow Pavilion/Lagoon Area

**SACRS LUNCH**

2:00 PM - 4:30 PM | CONCURRENT SESSIONS

**ADMINISTRATORS BREAKOUT ▶ LOCATION: Shoreline B**

**SPEAKERS:** Kosta Karmaniolas, CFA, Head of Client Relations, Western U.S., Prologis and Brooks Monroe, Managing Director, Client Portfolio Manager, North America, Invesco Real Estate

**MODERATOR:** Brian McKelvey, Assistant Chief Executive Officer, San Joaquin County Employees' Retirement Association

**AFFILIATE BREAKOUT ▶ LOCATION: Regency Ballroom****Discussion of Alternative Investments**

Please join us for a thoughtful discussion with expert **SPEAKERS** from leading public pension funds and investment consulting firms focused on alternative investments. We will have two back-to-back 50-minute panels. The first will focus on Private Equity. The second will focus on Diversifying Assets, including real assets and private credit. Please come prepared with some thought provoking questions for our speakers and let's make the most of our time together.

**2:30 PM - PRIVATE EQUITY**

**SPEAKERS:** Jim Donohue, Deputy Chief Executive Officer, Sacramento County Employees' Retirement System; Kirby Francis, Manager Research Consultant, RVK, Inc.; Wilkin Ly, Director of Private Market Assets, Los Angeles City Employees' Retirement System; and Steve Hartt, Managing Principal, Meketa Investment Group

**MODERATOR:** Teri Noble, Principal Investor Relations, HarbourVest Partners

**3:30 PM - DIVERSIFYING ASSETS: PRIVATE CREDIT AND REAL ASSETS**

**SPEAKERS:** Thomas Martin, Partner, Global Head of Private Equity & Real Assets, Aksia; Tarek Turaigi, Senior Investment Officer, Orange County Employees' Retirement System; JR Pearce, Senior Investment Officer, Sacramento County Employees' Retirement System; and Rose Dean, Managing Director, Wilshire Associates

**MODERATOR:** Alex Tanase, CAIA, Managing Director, Marathon Asset Management

**SESSION MODERATOR:** Wally Fikri, CFA, Partner, William Blair, Affiliate Committee Chair

**ATTORNEYS BREAKOUT ▶ LOCATION: Seaview Ballroom**

**MODERATORS:** Karen Levy, Esq., General Counsel, Contra Costa County Employees' Retirement Association and Jessica C. Rivas, Staff Counsel, Los Angeles County Employees' Retirement Association





## WEDNESDAY, NOVEMBER 9 CONTINUED

**INTERNAL AUDITORS BREAKOUT ▶ LOCATION: Shoreline A****Don't Make These Big Mistakes With Your Pension Administration System**

The panelist will discuss their experience helping retirement systems navigate through trouble areas encountered when implementing or administering their pension administration system.

**SPEAKERS:** John Katalinich, Senior Account Representative, Levi, Ray & Shoup, Inc.; Edward Meyers, Account Executive, Sagitec Solutions; Dana Darienzo, Project Manager (PAS), Alameda County Employees' Retirement Association; and Kathy Foster, Retired Assistant Chief Executive Officer, Alameda County Employees' Retirement Association

**MODERATOR:** Harsh Jadhav, Chief of Internal Audit, Alameda County Employees' Retirement Association

**INVESTMENT BREAKOUT ▶ LOCATION: Harbor Room**

CLOSED DOOR SESSION

**OPERATIONS/BENEFITS BREAKOUT ▶ LOCATION: Beacon B**

LACERA's Benefit Protection Unit - An overview of how LACERA's Benefit Protection Unit protects LACERA and our most vulnerable members in their retirement years.

**SPEAKERS:** Sylvia Botros, CFE, CRMA, Benefit Protection Unit Officer, Los Angeles County Employees' Retirement Association and Angel Calvo, Senior Retirement Specialist, Los Angeles County Employees' Retirement Association

Retiree Benefits Protection and New On-line Disability Application Process - Today's retirees live longer, live all over the world, and are at greater risk of fraud than ever before. Hear LACERA share its best practices to ensure the benefits are appropriately paid. Also, come and learn more about LACERA's new online disability retirement application and their experience so far.

**SPEAKER:** Carlos Barrios, Assistant Chief Executive Officer, Alameda County Employees' Retirement Association

The Journey from Paper to Digital Platform - Applying for Disability Retirement Online

**SPEAKER:** Tamara Caldwell, DRS Supervisor, Los Angeles County Employees' Retirement Association

**SESSION MODERATOR:** Carlos Barrios, Assistant Chief Executive Officer, Alameda County Employees' Retirement Association

**SAFETY BREAKOUT ▶ LOCATION: Seaview C**

**MODERATOR:** Brian Williams, Trustee, Sonoma County Employees' Retirement Association

**TRUSTEE BREAKOUT – Asset Allocation 101 & Roundtable Discussion ▶ LOCATION: Beacon A**

**SPEAKER:** Chris Dillon, CFA, Investment Specialist, Multi-Asset Division, T.Rowe Price

**MODERATOR:** Adele Tagalao, Trustee, Orange County Employees' Retirement Association, SACRS Secretary

**6:30 PM - 9:30 PM ▶ LOCATION: Rainbow Pavilion/Lagoon Area****SACRS ANNUAL WEDNESDAY NIGHT EVENT - Be Social. Get Connected.**

As palm trees sway to the ocean breezes, and lively music plays in the background, relax and talk over your invigorating conference day with your old and newfound friends and colleagues at the **SACRS Annual Wednesday Night Event**. You will be under the stars at the Hyatt Regency Hotel's Rainbow Lagoon or for a unique Long Beach activity, take a ride out on the water on a retro-chic swan paddle boat! Reception, dinner and entertainment are included, all registered conference attendees are welcome to participate.



## THURSDAY, NOVEMBER 10

7:00 AM - 8:00 AM ▶ LOCATION: Meet in Hotel Lobby

## SACRS FUN RUN

Your morning starts off with an additional opportunity for teambuilding and networking, while enjoying the early morning air. A SACRS tradition, the 3-mile Fun Run and Walk course is the perfect way to get energized for the conference day ahead. Designed for the walker, jogger, or runner, the course is flat and paved. Pre-registration is required and costs \$15 per person. Pocket maps, Fun Run SWAG, water, and snack at the end of the course will be provided. Volunteers will be located along the route to assist with directions and encouragement.

7:30 AM - 8:30 AM ▶ LOCATION: Rainbow Pavilion/Lagoon Area

## SACRS BREAKFAST

7:30 AM - 6:00 PM ▶ LOCATION: Regency Foyer

## SACRS CONFERENCE REGISTRATION DESK

8:45 AM - 9:00 AM ▶ LOCATION: Regency Ballroom

## SACRS VOLUNTEER AWARDS - Vivian Gray, Trustee, Los Angeles County Employees' Retirement Association, SACRS President

9:00 AM - 10:00 AM ▶ LOCATION: Regency Ballroom

## GENERAL SESSION - Retired Four-Star Admiral Bill McRaven

Lessons in Leadership & Geopolitical Insights from Retired Four-Star Admiral Bill McRaven. Admiral McRaven shares leadership lessons from his 37 years of service covering BUDS Training to organizing the raid that killed Osama bin Laden. Receive his New York Times #1 Best Seller Book *"Make Your Bed: Little Things That Can Change Your Life...And Maybe the World"*

SPEAKER: Retired Four-Star Admiral Bill McRaven, Senior Advisor, Lazard Asset Management

MODERATOR: John D'Agostino, Senior Director, Institutional Sales, Coinbase

10:00 AM - 10:30 AM ▶ LOCATION: Regency Foyer

## SACRS NETWORKING BREAK

10:30 AM - 11:30 AM ▶ LOCATION: Regency Ballroom

## GENERAL SESSION - CIO Panel: Investment Leadership Through Changing and Unpredictable Markets

The last 3 years have been extraordinary and nobody predicted the scenarios that we have today. What are the lessons learned and what, if anything, are we doing differently going forward? What are our CIO's thoughts on some of the less obvious risks and opportunities? How are you adjusting our exposures? What are the implications for all of our stakeholders?

SPEAKERS: Molly Murphy, Chief Investment Officer, Orange County Employees' Retirement System; Jonathan Gabel, Chief Investment Officer, Los Angeles County Employees' Retirement System; and Steve Davis, CFA, CAIA, Chief Investment Officer, Sacramento County Employees' Retirement System

MODERATOR: John D'Agostino, Senior Director, Institutional Sales, Coinbase

11:30 AM - 12:30 PM ▶ LOCATION: Regency Ballroom

## GENERAL SESSION - Nice Bike: Creating Authentic Connections

In a world where we are constantly interacting and communicating through screens, face to face interactions are more important than ever. Human connection is the heartbeat of the business world. Meaningful connections motivate, build trust and inspire change. In a business culture where team members feel connected and valued, retention improves, sales increase, customer loyalty soars and our business grows. Mark's messages are designed to fuel our passion to both connect and serve others. Mark is the author of an award-winning book on human connection, entitled: *"Nice Bike - Making Meaningful Connections on the Road of Life."*

SPEAKER: Mark Scharenbroich, NiceBike.com

MODERATOR: John D'Agostino, Senior Director, Institutional Sales, Coinbase

12:30 PM - 1:30 PM ▶ LOCATION: Rainbow Pavilion/Lagoon Area

## SACRS LUNCH





## THURSDAY, NOVEMBER 10 CONTINUED

## 2:00 PM - 3:00 PM | CONCURRENT SESSIONS

**CONCURRENT SESSION A - What Does The Past Tell Us About The Future? ▶ LOCATION: Regency Ballroom**

Mark Twain said that "History Doesn't Repeat Itself, but Often Rhymes." With this in mind an esteemed panelist consisting of Ralph Goldsticker, Chief Investment Officer and Principal for Alan Biller; Eddy Vataru, Chief Investment Officer for the Osterweis Total Return Bond Fund; and Tom Rollins, Institutional Portfolio Manager for Fidelity Investments, will take a walk down memory lane where they share stories from previous market environments and how those experiences can help us navigate through our current one. This will be moderated by Patrick Kuhner, Senior Consultant, for Alan Biller.

**SPEAKERS:** Eddy Vataru, Chief Investment Officer - Total Return & Lead Portfolio Manager, Osterweis Capital Management; Ralph Goldsticker, CFA, Chief Investment Officer, Alan Biller and Associates; and Tom Rollins, CFA Institutional Portfolio Manager, Fidelity Investments

**MODERATOR:** Patrick Kuhner, Senior Consultant, Alan Biller and Associates

**CONCURRENT SESSION B - Specialist Manager Asset Allocation and Outperformance: Growth and Perpetual Value and Reason For Optimism. ▶ LOCATION: Beacon A**

A view from a full lifecycle investment manager on asset allocation, outsized returns, navigation of the current environment, and reasons for optimism.

**SPEAKERS:** Marcella McColl, Partner, Chief Financial Officer, Chief Compliance Officer, Fin Capital; Ren Riley, Investment Partner, Fin Capital; and Melvin D. Lindsey, Managing Partner, Co-Founder, Nile Capital

**MODERATOR:** David Sancewich, Managing Principal, Meketa Investment Group

**CONCURRENT SESSION C - Profits, Pay and the Pandemic: How shareholders and CEOs continued to get richer, while front-line workers were again left behind ▶ LOCATION: Beacon B**

Presentation and discussion on Brookings Institute Report; *Profits and the pandemic: As shareholders wealth soared, workers were left behind.*

**SPEAKER:** Michael Reich, Professor of Economics and Co-Chair of the Center on Wage and Employment Dynamics at the Institute for Research on Labor and Employment (IRLE), University of California at Berkeley

**MODERATOR:** Ben Lazarus, CFA, Solutions Specialist, Capstone

## 3:00 PM - 3:30 PM ▶ LOCATION: Regency Foyer

## SACRS NETWORKING BREAK

## 3:30 PM - 4:30 PM | CONCURRENT SESSIONS

**CONCURRENT SESSION A - The Perfect Storm: Global tensions, rising rates, and high volatility. What does it mean for currency risk?****▶ LOCATION: Regency Ballroom**

We have entered a new investment paradigm, with heightened risks for institutional investors. What are the consequences for inflation, for asset allocation, and for currency exposures that are too great to ignore?

**SPEAKERS:** Mark Astley, Chief Executive Officer, Millennium Global Investments and Ian Toner, Chief Investment Officer, Verus Investments

**MODERATOR:** Lesley Nettles, Senior Public Funds Defined Benefit Specialist, T. Rowe Price

**CONCURRENT SESSION B - SACRS 2022 Legislative Update ▶ LOCATION: Beacon A**

**SPEAKERS:** Mike Robson, Edelstein Gilbert Robson and Smith and Bridget McGowan, Edelstein Gilbert Robson and Smith

**MODERATORS:** Eric Stern, Chief Executive Officer, Sacramento County Employees' Retirement Association and Dave Nelsen, Chief Executive Officer, Alameda County Employees' Retirement Association

# SACRS FALL CONFERENCE 2022 | NOV. 8-11

Hyatt Regency Long Beach | Long Beach, CA

## CONFERENCE AGENDA



### THURSDAY, NOVEMBER 10 CONTINUED

#### CONCURRENT SESSION C - Operations and Benefits - Millennial Leaders - Effective Hiring Practices ▶ LOCATION: Beacon B

The landscape of workforce culture is ever-changing, and management teams should be actively prepared for the upcoming shift in authority to younger generations. Speaking as a scholar-practitioner of leadership, this discussion provides learners with recommendations for accessing and attracting the best possible candidates. Join me to uncover the fundamentals of Millennial Leadership.

**SPEAKER:** Victoria Kendall, MA, State of Mind Consulting

**MODERATOR:** David MacDonald, Trustee, Contra Costa County Employees' Retirement Association, SACRS Vice President

**4:30 PM - 5:30 PM ▶ LOCATION: Seaview C**

#### SACRS EDUCATION COMMITTEE MEETING

**SPEAKER:** JJ Popowich, Los Angeles County Employees' Retirement Association, Education Committee Chair

**4:30 PM - 5:30 PM ▶ LOCATION: Shoreline A-B**

#### SACRS NOMINATING COMMITTEE MEETING

**SPEAKER:** Dan McAllister, San Diego County Treasurer Tax Collector, SACRS Past President, Nominating Committee Chair

**5:30 PM - 6:30 PM ▶ LOCATION: Rainbow Pavilion/Lagoon Area**

#### SACRS RECEPTION

Build interactive collaborations, uncover new opportunities, and enjoy a great networking experience. All registered attendees welcome.

### FRIDAY, NOVEMBER 11

**7:30 AM - 8:30 AM ▶ LOCATION: Rainbow Pavilion/Lagoon Area**

#### SACRS BREAKFAST

**9:00 AM - 10:00 AM ▶ LOCATION: Beacon Ballroom**

#### GENERAL SESSION - RISK MITIGATION 101

Risk mitigation employs a diverse set of defensive assets and strategies that include hedge funds, long volatility, trend following, and defensive factor exposures, just to name a few. The key criteria for evaluating these approaches are to weigh the reliability in of defense provided in a down markets versus cost. In this session, we will be talking with practitioners on how they think and implement risk mitigating assets.

**SPEAKERS:** Colin Bebee, Managing Principal/Consultant, Meketa Investment Group and Steven Tong Director, Risk Mitigating Strategies California State Teachers' Retirement System

**MODERATOR:** Gina Sanchez, Trustee, Los Angeles County Employees' Retirement Association

**10:00 AM - 10:15 AM ▶ LOCATION: Regency Foyer**

#### SACRS NETWORK BREAK

**10:15 AM - 11:30 AM ▶ LOCATION: Beacon Ballroom**

#### SACRS ANNUAL FALL BUSINESS MEETING



**California Special  
Districts Association**  
*Districts Stronger Together*

# 2022 BOARD SECRETARY/CLERK CONFERENCE

*Premiere Training and Certificate Program™ for Board Secretaries/Clerks*

**November 7–9, 2022**  
**Seaside, CA**

**+** **Advanced Courses Available for  
Returning Certificate Holders!**

**2** **Optional Pre-Conference Workshops:**

- **Business Writing for Board Secretaries**
- **Problem Solving for the Modern  
Leader – Creative vs. Critical Thinking**



**14 NEW Advanced Attendee  
Session Options**

**Complete the first-time attendee track to earn  
your certificate**



## Specifically developed and designed for special districts.

CSDA created this certificate program to expand educational opportunities for this important position in special districts, and to provide an opportunity to recognize individuals who invest the time in becoming trained in the various components of the job. Whether you are a new or seasoned board secretary/clerk, continuing education is essential to keeping current on the many aspects of your job.

The Board Secretary/Clerk Certificate has become the gold standard for special district board secretaries/clerks throughout California. We invite you to participate as a first-time attendee to earn your certificate, or come back year after year to advance your knowledge of special districts through new and exciting breakout sessions tailored to your position.



### DATE & LOCATION

**November 7 – 9, 2022**

**Embassy Suites Monterey Bay Seaside**  
1441 Canyon Del Rey  
Seaside, CA 93955

Room reservations are available at rates starting at \$169 plus tax. The room reservation cut-off is October 7, 2022; however, space is limited and may sell out before this date. Information regarding hotel reservations and the link to book in the CSDA room block will be emailed to the attendee within 24 hours of registration.



Special District Risk Management Authority is committed to establishing a strategic partnership with our members to provide maximum protection, help control losses and positively impact the overall cost of property/liability and workers' compensation coverage through the Credit Incentive Program. Credit Incentive Points can be earned based on an Agency's attendance at the Board Secretary/Clerk Conference, as well as the webinars and workshops associated with the Board Secretary/Clerk Certificate.

[★SDRMA CIP]

### **Certified Municipal Clerk (CMC) and/or Master Municipal Clerk (MMC)**

The CSDA Conference beginning November 7, 2022, is eligible for 1 CMC Experience or 1 MMC Professional Contribution point per education day of attendance toward the IIMC designation programs.

Monday, November 7, 2022			
8:00 a.m.	Pre-Conference Workshop Registration *optional/additional fee		
9:00 a.m. - 4:00 p.m.	PRE-CONFERENCE WORKSHOPS: <ul style="list-style-type: none"><li>NEW! Business Writing for Board Secretaries* OR</li><li>NEW! Problem Solving for the Modern Leader – Creative vs. Critical Thinking*</li></ul>		
4:15 - 5:00 p.m.	CSDA B-I-N-G-O ( <i>optional</i> )		
5:30 - 7:30 p.m.	Registration and Opening Reception		
Tuesday, November 8, 2022			
	First-Time Attendees	Advanced: Returning Attendees	
7:30 - 8:30 a.m.	Registration		
8:30 - 9:45 a.m.	Opening Keynote: “Being Extraordinary: It’s An Inside Job”		
9:45 - 10:15 a.m.	Break and Networking with the Exhibitors		
10:15 a.m. - 12:00 p.m.	First-Time: ADA Compliance and Transparency 101: What Board Secretaries Need to Know	Advanced: NEW! Effective Tips for Giving and Receiving Feedback	Advanced: NEW! Challenging Situations for Board Secretaries and Clerks
12:00 - 1:00 p.m.	Lunch Break ( <i>All attendees</i> )		
1:15 - 2:45 p.m.	First-Time Attendees: Best Practices for Taking and Processing Meeting Minutes	Advanced: NEW! How to Get Your Board On Board - A Guide to Board Member Orientations	Advanced: NEW! Get Reacquainted with the Public Records Act and Recent Updates
2:45 - 3:15 p.m..	Break, Networking with the Exhibitors		
3:30 - 5:00 p.m.	First-Time: Staying in Compliance: Understanding Fundamental Special District Laws	Advanced: NEW! The Engineering of Public Records Processing	Advanced: NEW! Special District Website Requirements & ADA Compliance Refresher
5:30 - 7:30 p.m.	Reception		
Wednesday, November 9, 2022			
8:30 - 10:00 a.m.	First-Time: Board Secretary / Clerk Foundations	Advanced: NEW! How to Create Sustainable DEI Change	Advanced: NEW! Tools and Technologies for the Modern Clerk
10:00 - 10:30 a.m.	Break and Networking with the Exhibitors		
10:30 a.m. - 12:00 p.m.	First-Time: Board Secretary / Clerk Foundations (continued)	Advanced: NEW! Setting Your Agency Up for Success: Building Goals and Priorities	Advanced: NEW! A Board Secretary/ Clerk’s Guide to Building Your District’s Brand
12:00 - 1:00 p.m.	Lunch ( <i>All Attendees</i> )		
1:15 – 2:30 p.m.	First-Time: Advanced Training in the California Public Records Act	Advanced: NEW! Connection Conundrum – How to Re-Establish Connections in a Virtual or Hybrid Environment	Advanced: NEW! Core Policies and Procedures You Should Have at Your District
2:30– 2:45 p.m	Break		
2:45– 4:00 p.m	First-Time: Understanding Board Member & District Liability Issues	Advanced: NEW! Keeping Up with the Law! Elections, FPPC, Brown Act, and MORE	Advanced: NEW! Into the Tsunami: The California Voting Rights Act, Redistricting, and Board Elections
4:00 p.m.	Event Adjourns ( <i>Graduation Certificate Distribution</i> )		



**MONDAY: NOVEMBER 7, 2022**

**9:00 AM– 4:00 PM**

**Pre-conference Workshops: \$225 CSDA Members, \$340 Non-members** (\*Optional/Additional Fee also includes lunch – limited space – register early!)

## Pre-Conference Workshop

### Business Writing for Board Secretaries\*

*CPS HR Consulting*

This session is designed for the busy professional who wants to learn specific writing strategies for quickly creating easy-to-read documents. The class will emphasize the essential qualities of successful business writing:

- ▶ Clear, concise messages
- ▶ Appropriate tone
- ▶ Effective style and usage
- ▶ Logical organization

#### **AT THE END OF THIS CLASS, YOU WILL BE ABLE TO:**

- ▶ Consider your reader and your purpose when writing
- ▶ Use effective organizing techniques: topic sentences, paragraph structure
- ▶ Use plain language: clear, concise, specific
- ▶ Use appropriate tone in business documents and correspondence
- ▶ Practice good writing style and usage

## Pre-Conference Workshop

### Problem Solving for the Modern Leader – Creative vs. Critical Thinking\*

*Best Best & Krieger LLP*

Problem-solving is the act of defining a problem; determining the cause of the problem; identifying, prioritizing, and selecting alternatives for a solution; and implementing a solution. On the surface, it appears to be a very straightforward, almost scientific, task. Perfect for critical thinkers. But what happens when science fails to find a viable solution? What happens when the person responsible for the solution looks at things less critically and more creatively? While we often think of creativity as an inherent trait, anyone—whether they're an undiscovered artist or by-the-book government professional—can learn how to be more creative. In this session, participants will explore the differences between critical and creative thinking, examine ways to learn creativity and discover how to be more creative both on an individual basis and in a team setting. We will discuss the importance and power of creativity, go over the barriers to creativity, and show some behaviors and techniques that can help you generate novel ideas

*...continued*



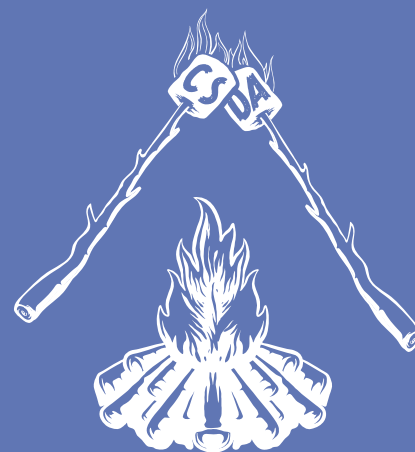
*continued...*

or solutions to problems, as an individual. We will also examine the best critical thinking strategies, and practice applying the right strategy, to today's problems.

#### **PARTICIPANTS WILL BE BETTER PREPARED TO:**

- ▶ Approach problems using structured methods of gathering observations, breaking cognitive fixedness, and generating creative ideas for solutions
- ▶ Apply creative solutions and behavior-change analysis to innovation development and internal team processes
- ▶ Avoid haphazard decision-making
- ▶ Evaluate multiple alternatives both critically and creatively, to achieve effective results

*\*Optional/Additional Fee also includes lunch – limited space – register early!*



## **S'MORE FUN!**

Hike on over to two evening receptions with your peers and our exhibitors. With special touches to surprise and delight our attendees – we know these receptions will be on your must-do list.



### **WELCOME RECEPTION**

**MONDAY, NOVEMBER 7, 5:30 – 7:30 PM**



### **RECEPTION**

**TUESDAY, NOVEMBER 8, 5:30 – 7:30 PM**

**4:15 – 5:00 PM**

## **CSDA Benefits B-I-N-G-O**

We love maximizing the benefits we offer. You love winning prizes! Let's all do what we love at the Board Secretary / Clerk Conference! We start with an exploration of membership benefits to make sure your district is taking full advantage of all we provide. Along the way, you'll win prizes!

#### **REASONS TO ATTEND:**

- ▶ We mentioned prizes, right?
- ▶ Learn how to navigate our website & community portal so you can quickly access resources
- ▶ Explore CSDA value-added benefits that may save your district money!
- ▶ BINGO is for everyone! Members & Non-members all benefit
- ▶ Meet new peers! This activity has a way of bringing people together because it's fun!





**TUESDAY: NOVEMBER 8, 2022**

**8:30 – 9:45 AM**

### **Opening Keynote:**

## **“Being Extraordinary: It’s An Inside Job”**

*Ayanna Castro*

Are you listening to your intuition when faced with tough decisions? Are you surrounding yourself with people who encourage you to be extraordinary? Do you have a plan for where you want to go and what you want to do? External influences can make you feel like you need to do - and be - more, when you already have everything inside of you to be extraordinary. In this session, Ayanna will share strategies on how to embrace being the “total package” by:

- ▶ Listening to the “Little Birdie” – Following your intuition to make better decisions
- ▶ Having a Personal Board of Directors – Surrounding yourself with people who push you to do better
- ▶ Managing Your 168 – Recognizing what’s really keeping you from doing what needs to be done
- ▶ Creating a Mind-Mapped Action Plan – See your goals in a different way to create a better strategy for success

Ayanna Castro is an international speaker, life coach, and author with expertise in empowering others to realize their potential and overcome self-imposed obstacles in pursuit of their goals. As the Founder and Chief Maven of Work Your Package™, her mission is to encourage and equip others to enhance what they already have to become the “total package” and be extraordinary.

Known for her perfect balance of guidance, support, and hard truths, she is the “go-to” person for those embarking on new ventures or who have lost clarity on their goals.



*First-time attendees must complete all scheduled first-time attendee sessions in order to receive their certificate at the conclusion of the conference.*

### **ADA Compliance and Transparency 101: What Board Secretaries Need to Know**

*Streamline and Cole Huber LLP*

SB 929, AB 434, AB 2257, SB 272, oh my! The list goes on and on. With so many requirements for special districts, staying compliant can be a bear. Not to worry—in this session, Derek from Cole Huber LLP and Mac from Streamline will walk you through everything you need to know to stay compliant in California. You'll leave with a checklist and learn where to go if you have more information or questions.

### **Best Practices for Taking & Processing Meeting Minutes**

*Best Best & Krieger LLP*

"I Want It On The Record!!!" Every clerk dreads hearing those words when taking meeting minutes and clerking a board of directors' meeting. In this fast-paced and fun session, learn best practices for taking and processing minutes according to Robert's Rules of Order, and how the clerk can intervene when essential content is missing from the motion. We'll also cover what should - and should not - be included in minutes (Hint: Not everything is important); and lastly, how to handle those loquacious board members who want every word ever spoken to be recorded for posterity. Note that this session does not cover the mental task of listening and scribing minute; but rather, it describes problems the presenter has encountered while working as a municipal clerk.

### **Staying in Compliance: Understanding Fundamental Special District Laws**

*Meyers Nave*

As times change, so does the need to re-interpret and review the laws governing special districts. This session covers crucial areas of the law as they relate to all types of special districts. Those areas include general compliance, answering specific questions about items such as communications through email, special meetings, economic conflicts of interest, and much more.

### **Board Secretary/Clerk Foundations**

*David Aranda, CSDM*

The board secretary in a special district plays a multi-faceted role that is also one of the most highly visible in the district. Board members, the public, and staff turn to the board secretary as a resource for information and assistance. The board secretary must ensure the district's compliance with extensive legal requirements, handle contentious situations, respond to the needs of board members and the public, document board activities and decisions, and meet multiple deadlines. This course provides a comprehensive review and insight into all components of the board secretary/clerk position.

### **Advanced Training in the California Public Records Act**

*Richards Watson Gershon*

Every Board Secretary / Clerk needs to understand the scope and application of the California Public Records Act (CPRA) to your agency's records, including best practices for records retention as well as responding to public records requests. This training is primarily intended for public agency personnel who have some knowledge of, and experience with, the CPRA, and who are seeking to expand their understanding of the law. We will cover the key aspects of the CPRA, including when an applicable exemption may give an agency the right to not disclose a particular record or portion of a record. The presenters will use case studies to take you through the entire process from the initial records request to response options. There will also be updates on recent developments in the interpretation and application of the CPRA.

### **Understanding Board Member and District Liability**

*Best Best & Krieger LLP*

Having a complete understanding of the potential liability issues in your district can prevent problems in the future and even assist with efficiency and communication protocols. This session is a discussion of the legal role of the board in the management and operation of a public agency, and the role of individual board members acting within the course and scope of their official duties.

**NEW** **Effective Tips for Giving and Receiving Feedback**

*CPS HR Consulting*

Giving and receiving feedback is an essential part of managing others' performance. Feedback should be meaningful. That sounds easy but giving constructive feedback can be uncomfortable—and it's even possible to go wrong with positive comments.

In this session, we'll discuss strategies for giving feedback. We'll also talk about how we can learn to be more receptive and less defensive when someone gives us feedback about our own performance or behavior.

**NEW** **Challenging Situations for Board Secretaries and Clerks**

*Prentice Long PC*

What do you do when one of your board members is sexually harassing staff? How can you get your board members to attend legally required trainings? What happens when your board members personally attack each other and engage in bullying behavior? In this session, you'll learn what your responsibilities are for ensuring that the elected officials in your agency follow the laws. You'll also learn about practical tools and resources for successfully dealing with elected officials who refuse to comply. And finally, you'll learn about what can legally be done if your attempts to resolve these issues have failed.

**NEW** **How to Get Your Board On Board: A Guide to Board Member Orientations**

*Panel Discussion*

Join your fellow special district board secretaries and clerks for a discussion on best practices in orienting newly elected representatives in their role as a decision-maker and leader for a special district. Learn from others to hear what did and did not work from their experience. Also, learn what to share and when to inform without overwhelming a newly elected official.

**NEW** **Get Reacquainted with the Public Records Act and Recent Updates**

*Richards Watson Gershon*

This session will provide a summary of the important provisions of the Public Records Act, including the substantive requirements of the Act and the procedure

for implementing the Act. In addition, it will explain recent statutory updates to the Act and cases implementing the Act.

**OUTCOMES WILL INCLUDE:**

- ▶ Reacquainting Board Secretaries/Clerks with the requirements of the Public Records Act.
- ▶ Understanding how to implement the Public Records Act.
- ▶ Informing Board Secretaries/Clerks on the latest updates to the Public Records Act.

**NEW** **The Engineering of Public Records Processing**

*Best Best & Krieger LLP*

When an agency receives a public records request, a statutory set of wheels are put in motion. During this session, participants will learn best practices for each step of this process, starting with how to encourage requesters to narrow the subject of their request. Additionally, attendees will get familiar with Electronically Stored Information (ESI) and will learn how to search for, review, and produce ESI – including e-mails, text messages, video, and audio files – in response to PRA requests.

**NEW** **Special District Website Requirements & ADA Compliance Refresher**

*Cole Huber LLP, Streamline*

OK, so you're pretty confident that you're compliant, but wouldn't it be nice to know for sure? Join Derek from Cole Huber LLP and Mac from Streamline, who will quickly through everything you need to know to stay compliant in California, especially when it comes to serving users with disabilities on your website—which has become increasingly complex in the past year. You'll leave with a checklist and learn where to go if you have more information or questions.

**NEW** **How to Create Sustainable DEI Change**

*CPS HR Consulting*

High-performing organizations are not only focusing on the diversity of their workforce, but also on how that workforce reflects a culture of equity and inclusion. Inclusion addresses how well the organization shares power, access, and resources with all elements of the workforce, particularly those elements which represent marginalized and/or underrepresented groups of the organization. This session will discuss effective ways to become more

inclusive through operationalizing DEI into every business unit of the organization.

### **NEW** Tools and Technologies for the Modern Clerk

*Richards Watson Gershon*

With the professional landscape changing so rapidly in recent years, many clerks have been forced to implement new tools and technologies to continue providing great service to their customers, both internal and external. This shift has provided opportunities for clerks to explore and implement solutions that will not only help them provide service immediately but impact the efficiency of the clerk's office long into the future. This session will explore available technologies to address the challenges of the "now" normal, including agenda management, digital signatures, workflows, electronic plan submittal, records management portals, online meetings, and remote workspaces, among others.

#### **PARTICIPANTS WILL**

- ▶ Leave with a better understanding of the technologies available to them
- ▶ Understand why evolving technologies are important to organizational efficiency
- ▶ Be better prepared to advocate for improved technology investments

### **NEW** Setting Your Agency Up for Success: Building Goals and Priorities

*Tripepi Smith*

As new issues and challenges arise every day, agencies may find themselves shifting and changing policies, processes, service delivery and more. To set themselves on the right track, these agencies would benefit from reestablishing organizational goals, narrowing their focus on priorities and reviewing the progress made on current goals. By doing so effectively, agencies can identify areas for improvement and make significant progress towards success and growth.

In this session, Tripepi Smith President Ryder Todd Smith will reflect on his experiences in public service and in assisting agencies with processes to:

- ▶ Consider the purpose and benefits of establishing goals for agency staff and the communities they serve
- ▶ Review how to remain effective in the goal-setting process

- ▶ Discuss accountability and goal measurement practices
- ▶ Analyze how building goals can impact the agency's culture

### **NEW** A Board Secretary/Clerk's Guide to Building Your District's Brand

*Verdin Marketing*

Good communication is the key to building strong relationships with your district stakeholders, partners, and the communities you serve. To communicate most effectively, a district should understand their brand messages and tailor their communications to the different audiences.

This session will cover the Why's and How's of building a district brand, giving takeaways for high-level understanding and tactics you can implement today, including:

- ▶ Branding, telling your district's story, distilling talking points, targeting messaging, and more.

### **NEW** Connection Conundrum How to Re-Establish Connections in a Virtual or Hybrid Environment

*Best Best & Krieger LLP*

Re-establishing relationships is often seen as secondary to the technical nature of running public agencies. But people are the heart of any organization, and even more so in organizations that serve the public. The pandemic caused us to move from hour-long in-person meetings to condensed half-hour Zoom calls – and virtual everything. In 2022, leaders need to be more deliberate about creating opportunities for deeper connections within their agencies or they may risk employees going deeper into silos. Organizations must instill a culture of listening, understanding, and inspiring employees to feel more connected.

#### **IN THIS SESSION, LEADERS WILL:**

- ▶ Identify signs of disconnect
- ▶ Create a greater understanding of the value of strong relationships in the public workspace
- ▶ Develop strategies for building back relationships that may have become strained during the pandemic
- ▶ Strengthen existing relationships to create more productive and satisfying work environments



## Board Secretary/Clerk Conference & Certificate Program™



### Core Policies and Procedures You Should Have at Your District

*Richards Watson Gershon*

Instructors will discuss the fundamentals of essential policies and procedures you should have at your district. Participants will learn how to draft, implement, and enforce core policies and procedures. This session is geared toward developing new, and improving existing, policies and procedures. The instructors are unable to offer substantive legal advice as to any particular area of the law and are not able to provide feedback on whether existing policies comply with applicable statutes.



### Keeping Up with the Law! Elections, FPPC, Brown Act, and MORE

*Slovak Baron Empey Murphy & Pinkney LLP*

In this breakout session, we will discuss new laws impacting special districts following the 2022 legislative session. We invite you to participate in our review, analysis and summary of the latest legislation and developments in the law related to election requirements, conflicts of interest, the Brown Act and the impact these developments will have on your district. We will offer practical recommendations for compliance and board management to help you stay in compliance and get ready for 2023.



### Into the Tsunami The California Voting Rights Act, Redistricting and Board Elections

*National Demographics Corporation (NDC) and  
Tripepi Smith*

The California Voting Rights Act is forcing special district boards across the state into by-division elections. Learn from two experts and your fellow conference attendees how to tell if your district faces legal risk and how to manage that transition if/when it happens.



Connect with your peers attending the conference through the CSDA Special District Board Secretary/Clerk Conference Community. Once you register for the conference you will be subscribed to an online community exclusively for attendees, exhibitors, sponsors, and speakers where you will be able to:

- ▶ Find the most current conference-related information including hotel details, attendee lists, and more
- ▶ Get important event announcements from CSDA staff
- ▶ Connect with your peers before, during, and immediately after the event



### **E.3.b Other Comments**

This is a discussion with no backup.

## **F.1 Future Meetings**

This is a discussion with no backup.

**G.1  
MCERA  
Conference and Training Calendar  
December 2022**

Cooper	Gladstern	Gullett	Jones	Klein	Martinovich	Murphy	Shaw	Silberstein	Tomlin	Vasquez	Werby	Wickman	Hardesty	Bakerink	Dunning	Date	Approved	Sponsor	Program	Location
																12/2/22	*	CalAPRS	Benefits Round Table	Virtual
																12/2/22	*	CalAPRS	Investments Round Table	Virtual
																12/7-9/22	*	CalAPRS	Advanced Course in Retirement Plan Administration	Oakland, CA
																2/15/23	*	Callan	Alternative Investments	Virtual
												✱				3/4-7/23	*	CalAPRS	General Assembly	Monterey, CA
																3/6-8/23	*	CII	Spring Conference	Washington, DC
																3/29-31/23	*	CalAPRS	Advanced Principles of Pension Governance for Trustees	Los Angeles, CA
																4/2-4/23	*	Callan	National Conference	Scottsdale, AZ
																4/17-21/23	**	Wharton	Investment Strategies & Portfolio Management	Philadelphia, PA
																4/23-26/23		CRCEA	Spring Conference	Ontario, CA
																5/9-12/23	*	SACRS	Spring Conference	San Diego, CA
																5/21-24/23	*	NCPERS	Annual Conference	New Orleans, LA
																July 2023	*	SACRS	Public Pension Investment Management Program	UC Berkeley, Oakland, CA
																9/11-13/23	*	CII	Fall Conference	Long Beach, CA
																9/27-29/23	*	CalAPRS	Administrators' Institute	Carmel, CA
																11/7-10/23	*	SACRS	Fall Conference	Rancho Mirage, CA

## G.1

\*Pre-approved events: CalAPRS; Callan; CII; Nossaman LLP; 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  
CSDA

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

**CONSENT CALENDAR****MCERA BOARD MEETING, WEDNESDAY, December 14, 2022****NOVEMBER 2022****RETURN OF CONTRIBUTIONS**

Alexis Bailey	Refund of Contributions (termination)	\$	45,192.45
Eric Faulks	Refund of Contributions (termination)	\$	12,991.19
Francisco Flores	Refund of Contributions (termination)	\$	693.66
Zhuldyz Sandybayeva	Refund of Contributions (termination)	\$	4,422.83
Carolyn Tsai	Partial Refund of Contributions (age change)	\$	1,371.46

**BUYBACKS**

John Buscovich	\$	19,480.31
Michael Donato	\$	20,895.43
Alexander Guerin	\$	3,804.98
Nancy Hillman	\$	1,139.94

**NEW RETIREES**

Brian Crosby	County of Marin - Assessor, Recorder, County Clerk
Charles Cutter	County of Marin - Health & Human Services
Jon Janzen	County of Marin - Parks
Deidre Johnson	County of Marin - Public Works
LaRee Marquardt-Byrd	County of Marin - Health & Human Services
Kathryn Reza	County of Marin - DRO
Pamela Thompson	County of Marin - Public Works

**DECEASED RETIREES**

Joan Augustine	County of Marin - Beneficiary
Patricia Carr	County of Marin - Elections
Gary Erickson	County of Marin - Sheriff/Coroner
Marlene Freetly	County of Marin - Health & Human Services
Reed Haslam	County of Marin - Beneficiary
Jean-Marie Heskett	County of Marin - Beneficiary