AGENDA

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

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

January 11, 2023 – 9:00 a.m.

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 January 13, 2023.

Instructions for watching the meeting and/or providing public comment, as well as the links for access, are available on the <u>Watch & Attend Meetings</u> 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

December 7, 2022 Investment Committee meeting December 14, 2022 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 February 10, 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. <u>Preliminary Actuarial Valuation Results June 30, 2022 – Cheiron, Graham Schmidt, Bill Hallmark</u>

Presentation of preliminary results for the annual actuarial valuation

D. BOARD OF RETIREMENT MATTERS

- 1. Administrator's Report
 - a. Administrator's Update
 - b. Staffing Update
 - c. Facility Use Report
 - d. Future Meetings
 - January 18, 2023 Investment Committee
 - February 8, 2023 Board
- 2. Trustee Comments
 - a. Educational Training: Reports by Trustees and Staff
 - b. Other Comments

E. NEW BUSINESS

1. Fiduciary Liability Insurance (ACTION)

Consider and take possible action on selection of fiduciary liability insurance provider.

2. Notification of SACRS Board of Directors election 2023-2024

Consider and discuss election process and deadlines

3. Future Meetings

Consider and discuss agenda items for future meetings.

F. OTHER INFORMATION

1. Training Calendar (ACTION)

G. CONSENT CALENDAR (ACTION)

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

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











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

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

MINUTES

INVESTMENT COMMITTEE MEETING MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION (MCERA)

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

December 7, 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 December 30, 2022. The public was able to listen to and observe the meeting and provide comment through Zoom.

CALL TO ORDER

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

ROLL CALL

PRESENT: Cooper, Gladstern, Klein, Murphy, Silberstein, Tomlin, Vasquez, Werby, Gullett

(alternate safety), Jones (alternate retired), Shaw (ex officio alternate)

ABSENT: Martinovich

A. OPEN TIME FOR PUBLIC EXPRESSION

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

Open time for public expression, from three to five minutes per speaker, on items not on the Committee Agenda. While members of the public are welcome to address the Committee during this time on matters within the Committee'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 Committee concerning a non-agenda item. Members of the Committee may (1) briefly respond to statements made or questions posed by persons addressing the Committee, (2) ask a question for clarification, or (3) provide a reference to staff for factual information.

No members of the public provided comment.

B. MANAGER REPORTS

1. Manager Overview – Jim Callahan, Callan LLC

Jim Callahan, President of Callan LLC, introduced manager UBS for the review of the Trumbull Property Fund, one of two open-ended core real estate funds in MCERA's Fund.

2. <u>UBS – Trumbull Property Fund – Paul Canning, Tom O'Shea</u> TIME CERTAIN: 9:05 a.m.

Tom O'Shea, Head of the UBS Portfolio and Client Service group, introduced Paul Canning, Senior Portfolio Manager of the Trumbull Property Fund (TPF). Mr. Canning began the review with portfolio positioning as of September 30, 2022. He reported the most significant allocation is to the Apartment sector due to steady demand characteristics and low capital requirements. The second largest allocation is the Industrial sector which matches the index. Mr. Canning stated UBS continues to trim the Office sector in favor of the significant expansion of the Self-Storage properties.

Mr. Canning said after a period of meaningful underperformance to the NFI-ODCE benchmark following the financial crisis, UBS revised the investment strategy for the Trumbull Property Fund. In 2020 a non-strategic portfolio was identified to provide liquidity for redemption requests and while the remainder of the TPF was repositioned for the long term. Since the repositioning Mr. Canning noted the dispersion of returns in commercial real estate, with the Industrial and Multi-Family sectors outperforming other sectors. He said the demand characteristics of these two sectors continues to be positive.

In the non-strategic portfolio 44 properties were identified for disposition; of these, 77% have been divested, mostly through individual sales. Transaction activity shows the active management employed to increase allocations to the West Coast and to the Industrial sector. Core real estate has evolved to include specific initiatives such as Self-Storage due to its low capital requirements and steady income. Within Industrial there is a sub-focus on cold storage due to growing demand. In the Office sector TPF is increasing the allocation to life sciences spaces. This may involve converting traditional office buildings to life science use in the main markets for these buildings.

Leverage for TPF is under 18% and under the benchmark due to near-term declining real estate values. In January 2021 the redemption pool balance was \$8.2 billion. Since then TPF has funded \$3.3 billion for that pool that was offset by increased redemption requests. As of November 1, 2022 the redemption pool balance is \$7.2 billion.

In conclusion, Mr. Canning said the new Independent Board of Trustees is a positive improvement in TPF governance and will be an important strategic resource in deploying investor capital. Moving forward, headwinds include the increased cost of debt, the conservative position of the banking system, and recession concerns. As a result, many equity investors in commercial real estate have moved to the sidelines and transaction activity is down significantly. This is expected to result in lower valuations in the near term.

Trustee Werby noted over the past three years income has been much less than the appreciation portion of performance and asked about Mr. Canning's confidence in appraisals. In response, Mr. Canning said the appreciation gains over the past two years came from significant increases in income at the property level across the portfolio and commercial real estate valuations. At the beginning of 2022 the 10-year yield was relatively low, leading to higher valuations. Mr. Canning said every property is appraised quarterly by third-party appraisers and rolled up into the Net Asset Value (NAV) of TPF.

Third quarter results show depreciation due to lower real estate values, which Mr. Canning expects to continue into the 4th quarter.

Trustee Silberstein asked if there is backup power for the cold storage facility in Texas. Mr. Canning replied the facility has an emergency generator. Trustee Gladstern asked about the breakdown of the Industrial sector. Mr. Canning replied Industrial subcategories include dry warehousing, which is 95% of Industrials in the current portfolio. A second type of Industrial property is flex buildings that are a combination of office and distribution space. Demand for industrial space includes the shift to direct-to-consumer service, using smaller locations closer to consumers.

Chair Klein asked about capitalization (cap) rates and borrowing costs. Mr. Canning said at the end of the 3rd quarter of 2022 the average cap rate was 3.6%. For an apartment building the cap rate would range between 4% and 5.25%, and the borrowing cost would be between 5 and 6%. Mr. Canning pointed to considering the potential growth in net operating income over the long run when valuing property. Asked by Chair Klein if news about large redemption requests from REITs would affect TPF, Mr. Canning said there would be no impact on TPF because the set of investors is different.

Trustee Silberstein asked when the non-strategic portfolio will be liquidated. In response Mr. Canning said the non-strategic remaining value as of the 3rd quarter of 2022 is less than \$1 million, so most assets have been disposed. To address the redemption pool the plan includes some downsizing of TPF, attracting new capital, and attrition of some investors' redemption requests.

C. NEW BUSINESS

- 1. Watch Period Review Callan LLC Jim Callahan, Anne Heaphy
 - a. <u>Artisan International Growth Equity (ACTION)</u>
 Consider and take possible action regarding Watchlist status

Mr. Callahan said the Artisan International Growth Equity fund is on the Watchlist because its ranking for the trailing 3-year period as of September 30, 2022 is in the 94% percentile for non-U.S. growth oriented managers. In addition, calendar year performance was poor in 2015 and 2016. Subsequently, performance has improved and its ranking is above the median, but performance still trails the benchmark. Mr. Callahan said that, qualitatively, there are no changes to the investment team or philosophy. In 2022 a reversal in relative performance from growth to value was triggered by the Ukraine war and rising inflation. Most sectors have had negative performance, except for energy. Callan is comfortable with Artisan for the long term, in part due to the stable management team, Mr. Callahan said.

Trustee Vasquez asked if rising strength in the dollar affects performance for Artisan. Mr. Callahan replied that the U.S. dollar has been strong through the 3rd quarter of 2022, which is a headwind for international investments. He pointed out many Artisan holdings are large companies with diversified sources of income, whose financial officers sometimes hedge revenues.

Chair Klein observed that the Artisan portfolio has low 3-year net returns relative to peers and has been on the Watchlist for several years. She also pointed out that according to the Investment Policy Statement, managers are to rank in the top half of peers. Mr. Callahan said the manager can be changed, but he pointed out that what happened in 2020 affects the 3-year return significantly and the portfolio has been performing better near term. He said manager performance is cyclical and over the long term the Artisan strategy has been successful and has added value, outperforming the benchmark since inception.

It was M/S Gladstern/Silberstein to retain the Artisan International Growth Equity portfolio on the Watchlist for one year. The motion was approved by a vote of 9-0 as follows:

AYES: Cooper, Gladstern, Klein, Murphy, Shaw, Silberstein, Tomlin, Vasquez, Werby

NOES: None ABSTAIN: None

ABSENT: Martinovich

Trustee Gullett was excused from the meeting at 10:28 a.m.

b. Morgan Stanley International Equity (ACTION) Consider and take possible action regarding Watchlist status

Mr. Callahan said compared with peers the Morgan Stanley International Equity portfolio has a quality story, focusing on value in companies with strong fundamentals. Turnover on the investment team has stabilized, and William Lock, the lead portfolio manager and key architect of the strategy, remains in place. Calendar year performance in 2016 was poor versus peers, followed by four years of good performance. The portfolio struggled again in 2021 and 2022 due to an underweight to energy. Another headwind this year was the overweight to consumer staples and to technology. Mr. Callahan said from a qualitative standpoint Callan remains confident in Morgan Stanley.

Trustee Vasquez said the structure of the asset class will present more challenges in international investing. He added that the yellow flag is how long managers have been on the Watchlist, and suggested a more involved conversation is in order about manager selection and the structural headwinds of international investing. Chair Klein and Trustee Silberstein supported his view.

It was M/S Silberstein/Murphy to retain the Morgan Stanley International Equity portfolio on the Watchlist for one year. The motion was approved by a vote of 9-0 as follows:

AYES: Cooper, Gladstern, Klein, Murphy, Shaw, Silberstein, Tomlin, Vasquez, Werby

NOES: None ABSTAIN: None

ABSENT: Martinovich

c. <u>Invesco Balanced-Risk Commodities Fund (ACTION)</u>
Consider and take possible action regarding Watchlist status

Mr. Callahan stated the Invesco Balanced-Risk Commodities Fund in the real asset portfolio uses a thoughtful, balanced-risk approach to commodities in the index. Its underweight to oil and natural gas has resulted in underperformance to the index. Callan remains comfortable with the strategy and recommends retaining the portfolio on the Watchlist. Trustee Werby noted the sector has negative returns over the long term. Mr. Callahan said the portfolio has a good 3-year return, adding that commodities are volatile and serve as a diversifier to other real assets.

It was M/S Silberstein/Murphy to retain the Invesco Balanced-Risk Commodities portfolio on the Watchlist for one year. The motion was approved by a vote of 9-0 as follows:

AYES: Cooper, Gladstern, Klein, Murphy, Shaw, Silberstein, Tomlin, Vasquez, Werby

NOES: None ABSTAIN: None

ABSENT: Martinovich

Trustee Cooper was excused from the meeting at 11:00 a.m.

2. Investment Policy Statement Updates (ACTION)

Consider and take possible action on recommended amendments to Investment Policy Statement re:

Anne Heaphy, Senior Vice President with Callan, presented updates to the Investment Policy Statement, most of which relate to the recent change in the fixed income portfolio. The Western Asset Management Co. strategy has been moved to core plus from its prior intermediate credit strategy, and the Colchester Global Investors Global Bond portfolio has been removed. Updates also reflect new private equity commitments. Chair Klein requested that Supranationals be spelled out in the Western Asset guidelines.

Trustee Vasquez asked about the use of leverage in derivatives. Mr. Callahan explained in the Investment Policy Statement derivatives are allowed if they are in the individual manager guidelines and not used for leverage. Derivatives are predominantly exchange-traded and are used to control risk and provide liquidity. Trustee Werby asked about the edit to remove the Investment Committee. After reviewing this edit, Mr. Wickman said the reference to the Investment Committee should be reinstated.

It was M/S Werby/Silberstein to approve updates to the Investment Policy Statement listed in Items C.2.a-f below, to include spelling out Supranationals in the Western Asset Statement of Objectives and removing the deletion of the Investment Committee. The motion was approved by a vote of 8-0 as follows:

AYES: Gladstern, Klein, Murphy, Shaw, Silberstein, Tomlin, Vasquez, Werby

NOES: None ABSTAIN: None

ABSENT: Cooper, Gullett, Martinovich

- a. <u>General Investment Objectives and Guidelines, Fixed Income Portfolios: Add Bloomberg U.S. Aggregate Bond Index and remove Blended Benchmark, Bloomberg U.S. Intermediate Credit Index and FTSE World Government Bond Index.</u>
- b. Appendix A, Long-term Strategic Asset Allocation Targets and Ranges, Fixed Income:
 Adjust U.S. Core Plus Fixed Income to match the fixed income allocation and remove
 U.S. Intermediate Credit and Global Fixed Income categories.
- c. <u>Appendix B-8, Western Asset Management Statement of Objectives, Guidelines and Procedures: Revise to reflect new strategy of core plus fixed income.</u>
- d. <u>Appendix B-9, Colchester Global Investors Statement of Objectives, Guidelines, and Procedures: Remove.</u>
- e. <u>Appendix C-1, Pathway Capital Management Statement of Objectives, Guidelines and Procedures: Add Pathway Private Equity Fund Investors 11.</u>
- f. Appendix C-2, Abbott Capital Management Statement of Objectives, Guidelines and Procedures: Add Abbott Annual Program 2023, LP.

3. <u>Future Meetings</u>

No discussion of future meetings.

D. INVESTMENT CONSULTANT QUARTERLY REPORT

1. Summary Report as of September 30, 2022

Mr. Callahan reported equity markets had negative returns through the third quarter of 2022. In the U.S. equity markets, value managers have outperformed growth, and energy has performed well. International markets were down and currency has been a headwind. Fixed income markets are down year to date as yields have risen. Mr. Callahan noted the yield curve has been inverted, which tends to be a precursor of recession. Real estate values are beginning to depreciate, and in the latest quarter returns for private equity are negative.

Ms. Heaphy reported the Total Fund market value is just over \$2.8 billion as of September 30, 2022. For the quarter the Fund was down 4.64% net of fees and down 14.75% net of fees for the last twelve months. The Fund performance is favorable versus peers over the long term. For the fiscal year to date the Fund is down 4.64% net of fees.

In the 12 months ending September 30, 2022, the domestic equity portfolio consisting of 75% S&P 500 Index and 25% DFA small cap core equity outperformed the Russell 3000 due to DFA's value orientation. In the international portfolio, TimesSquare has a high quality growth tilt that was a headwind to performance. The Fidelity emerging markets portfolio trailed over the last quarter and 12 months due to exposure to Chinese holdings in technology and healthcare.

The fixed income portfolio had a challenging 12-month period. In mid-November assets were transferred to Western Asset to reposition its portfolio to the core plus strategy. In the real estate portfolio, the UBS Trumbull Property Fund is 97% leased, shows strength

in Industrials and Multi-Family, and has 80% of loans at fixed rates. In the real assets portfolio, the Invesco commodities structural underweight to the traditional energy sector was a headwind. The lack of exposure to this sector hindered the KBI natural resources portfolio performance.

In the private equity program as of June 30, 2022 89% of committed capital has been paid in. The Total Value to Paid-In (TVPI) capital ratio was 2.04x, and the net Internal Rate of Return was 16.32%. In the early-stage Opportunistic portfolio as of September 30, 2022, of \$100 million committed to managers CarVal, Fortress, and Varde, \$53 million is paid in.

a. Flash Performance Update as of October 31, 2022

Ms. Heaphy presented a performance update for the Fund as of October 31, 2022. She explained that fixed income, private equity, and real estate returns are preliminary.

Mr. Wickman clarified a modification to proposed updates in the Investment Policy Statement in Agenda Item C.2 above.

There being no further business, Chair Klein adjourned the meeting at 11:28 a.m.

Jeff Wickman Michelle Hardesty

Retirement Administrator Assistant Retirement Administrator

On behalf of: Sara Klein, Investment Committee Chair On behalf of: Jeff Wickman, Retirement Administrator

MINUTES

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.

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 30, 2022. The public was able to listen to and observe the meeting and provide comment through Zoom.

CALL TO ORDER

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

ROLL CALL

PRESENT: Cooper, Gladstern, Klein, Martinovich, Tomlin, Vasquez, Werby, Jones (alternate

retired), Shaw (ex officio alternate)

ABSENT: Murphy, Silberstein, Gullett (alternate safety)

MINUTES

It was M/S Gladstern/Vasquez to approve the October 25-26, 2022 Strategic Workshop Minutes as submitted. The motion was approved by a vote of 8-0 as follows:

AYES: Cooper, Gladstern, Jones, Klein, Martinovich, Tomlin, Vasquez, Werby

NOES: None ABSTAIN: None

ABSENT: Murphy, Silberstein, Gullett

It was M/S Gladstern/Jones to approve the November 2, 2022 Board Meeting Minutes as submitted. The motion was approved by a vote of 8-0 as follows:

AYES: Cooper, Gladstern, Jones, Klein, Martinovich, Tomlin, Vasquez, Werby

NOES: None ABSTAIN: None

ABSENT: Murphy, Silberstein, Gullett

It was M/S Jones/Cooper to approve the November 30, 2022 Special Board Meeting Minutes as submitted. The motion was approved by a vote of 8-0 as follows:

AYES: Cooper, Gladstern, Jones, Klein, Martinovich, Tomlin, Vasquez, Werby

NOES: None ABSTAIN: None

ABSENT: Murphy, Silberstein, Gullett

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 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.

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 January 13, 2023. The extension would allow the January 11, 2023 Board meeting to be held remotely. Staff recommends 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 Gladstern/Martinovich 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 both of the conditions listed above still exist. The motion was approved by a vote of 7-1 as follows:

AYES: Gladstern, Jones, Klein, Martinovich, Tomlin, Vasquez, Werby

NOES: Cooper ABSTAIN: None

ABSENT: Murphy, Silberstein, Gullett

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

Graham Schmidt, Actuary with Cheiron, presented the GASB 67/68 Report as of June 30, 2022. The report provides accounting and financial reporting information that MCERA and its employers use for their annual financial statements. GASB 67 provided the required information for MCERA's financial statements while GASB 68 provides financial data for participating employers. Mr. Schmidt stated that the report is used for accounting purposes only and does not impact the contribution rates for MCERA members and employers.

Mr. Schmidt discussed the Change in Collective Net Pension Liability from year to year in Table V-1. The funding target is known as the Total Pension Liability, the assets of the Plan are the Plan Fiduciary Net Position, and the difference is the Net Pension Liability. Liabilities for the GASB Report are based on a 12-month roll forward value. This will differ from the liabilities in the Actuarial Valuation Report to be presented to the Board early next year, which will reflect actual data. Last year the Plan had a surplus but this year there is a Net Pension Liability due to negative investment returns.

Mr. Schmidt discussed the Pension Expense, which is a balancing item of the net impact from one year to the next, not the contributions paid by employers. Employers record the Pension Expense on their financial statements.

Mr. Schmidt discussed the allocation of the Net Pension Liability for the Plan in proportionate shares to employers. He said the methodology was changed to align proportionate shares with the expected valuation results as of June 30, 2022, rather than the prior year. The report presents the determination of proportionate shares for each employer based on each employer's share of the Net Pension Liability. Vice Chair Werby asked about the methodology change. In response, Mr. Schmidt explained that the Actuarial Valuation Report will show that as of June 30, 2022 all employers have an unfunded liability, so it is not a concern.

It was M/S Gladstern/Cooper to adopt the June 30, 2022 GASB 67/68 Report as submitted. The motion was approved by a vote of 8-0 as follows:

AYES: Cooper, Gladstern, Jones, Klein, Martinovich, Tomlin, Vasquez, Werby

NOES: None ABSTAIN: None

ABSENT: Murphy, Silberstein, Gullett

2. <u>Audited Financial Statements for Fiscal Year Ending June 30, 2022 (ACTION) – Brown Armstrong, Neeraj Datta, CPA, Audit Manager</u>

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

Audit Committee Chair Gladstern reported Neeraj Datta and Andy Paulden of Brown Armstrong met with the Audit Committee on December 7th and reviewed the audited annual financial statements with the Committee. They discussed the review process, methodologies, and key areas of focus. The Auditors issued an unmodified, clean opinion verifying the financial statements as of June 30, 2022 are in accordance with Generally Accepted Accounting Principles. No noncompliance or material weaknesses or significant deficiencies were noted. MCERA management has responded to the items in the Agreed Upon Conditions Report.

Audit Committee Chair Gladstern stated the Audit Committee recommends that the Board adopt the Audited Financial Statements for Fiscal Year ending June 30, 2022 as submitted. The motion was approved by a vote of 8-0 as follows:

AYES: Cooper, Gladstern, Jones, Klein, Martinovich, Tomlin, Vasquez, Werby

NOES: None ABSTAIN: None

ABSENT: Murphy, Silberstein, Gullett

D. APPOINTMENT OF BOARD STANDING COMMITTEES

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

Mr. Wickman presented Chair Murphy's appointments to Standing Committees and Standing Committee Chairs. Chair appointments are the same with the exception of the Finance and Risk Management Committee Chair.

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 AND 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

It was M/S Cooper/Gladstern to approve Standing Committees and Standing Committee Chairs as appointed by Chair Murphy. The motion was approved by a vote of 8-0 as follows:

AYES: Cooper, Gladstern, Jones, Klein, Martinovich, Tomlin, Vasquez, Werby

NOES: None ABSTAIN: None

ABSENT: Murphy, Silberstein, Gullett

E. BOARD OF RETIREMENT MATTERS

1. Administrator's Report

a. Administrator's Update

Mr. Wickman reported this is the busiest part of year leading up to the Board's adoption of the GASB 67/68 Report and the audited financial statements for June 30, 2022. In January 2023 the preliminary Actuarial Valuation Report will be presented to the Board.

The employer audit program is moving along well, thanks to the excellent work being done by Lisa Jackson.

b. Staffing Update

A recruitment for a Retirement Benefits Technician is open and the Administrator is working with Alliance Resource Consulting to recruit the Assistant Retirement Administrator position.

c. Facility Use Report

No facility use in the period to report.

d. Future Meetings

- January 11, 2023 Board
- January 18, 2023 Investment Committee

2. Standing Committee Reports

a. Finance and Risk Management Committee

1. <u>Administrative Budget Fiscal Year 2022/23 Quarterly Review</u> Consider and review expenses for the quarter ending September 30, 2022

Total administrative expenditures through the 1st quarter of the fiscal year were 18.4% of the budgeted amount.

Salaries and Benefits expenses were 19.3% of the budgeted amount for the year due to staff vacancy savings.

Services and Supplies were 21.5% of the budgeted amount for the year. Expenses included bank charges, memberships, reproduction expenses for mailing Annual Member Benefit statements, and additional monitors for staff.

2. Non-budgeted Expenses

Consider and review non-budgeted expenses for the quarter

See Finance and Risk Management Committee minutes.

3. Quarterly Checklist

Consider, review and updates on the following:

a. Other expenses per Checklist Guidelines

See Finance and Risk Management Committee minutes.

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

See Finance and Risk Management Committee minutes.

c. MCERA educational and event-related expenses

Educational and event-related expenses supported attendance at the NCPERS Safety Conference, CII Conference, SACRS Fall Conference, and a CalAPRS Attorneys' Round Table.

d. Continuing Trustee Education Log

The Continuing Trustee Education Log shows trustees are maintaining the required 24 hours of education every two years.

e. <u>Internal controls</u>, compliance activities and capital calls

For the private equity program MCERA received over \$9.8 million in distributions and paid \$3.1 million in capital calls in the quarter.

Credit managers are in the funding phase that included \$5 million in capital calls from CarVal.

f. Vendor services provided to MCERA

Mr. Wickman reported hiring Nicholson Strategic Services to work with the leadership team and Alliance Resource Consulting to assist with recruitment for a new Assistant Retirement Administrator.

g. MCERA staffing status

See Finance and Risk Management Committee minutes.

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

See Annual Audit of Financial Statements Update below.

i. Other items from the Administrator related to risk and finance – Outsourced Chief Information Security Officer (ACTION)

Mr. Wickman presented a proposal to the Committee regarding Outsourced Chief Information Security Officer services. He explained this is primarily to support staff's efforts to continually monitor and maintain cybersecurity.

On behalf of Finance and Risk Management Committee Chair Murphy, Mr. Wickman stated the Finance and Risk Management Committee recommends that the Board authorize the Retirement Administrator to develop and enter into an agreement with Linea Secure to provide outsourced Chief Information Security Officer services for MCERA for \$50,000 per year, subject to successful contract negotiations. The motion was approved by a vote of 8-0 as follows:

AYES: Cooper, Gladstern, Jones, Klein, Martinovich, Tomlin, Vasquez, Werby

NOES: None ABSTAIN: None

ABSENT: Murphy, Silberstein, Gullett

4. Annual Audit of Financial Statements Update

Update on annual audit process

The Audit Committee met on December 7 to consider the audited financial statements.

b. Audit Committee

1. Financial Audit Review

Review and discuss audit results

Audit Committee Chair Gladstern reported Neeraj Datta and Andy Paulden from Brown Armstrong met with the Committee on December 7th. The update from that meeting has already been reported with the adopting of the June 30, 2022 Annual Financial Statements under Item C.2 above.

2. Financial Statements (ACTION)

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

See Agenda Item C.2 above.

3. Trustee Comments

a. Educational Training: Reports by Trustees and Staff

Trustee Cooper reported on the NCPERS Public Safety Conference. He said it was an excellent conference with very good presentations.

Trustee Vasquez reported on his attendance at the SACRS Fall Conference. In the session on Navigating Uncertainty: Identifying Opportunities and Spotting Risks, the takeaway is the global economy is undergoing tectonic shifts that present unique challenges and opportunities. These include deflation from a technological perspective, massive investments in energy, and technology acceleration. In addition, demographic challenges present both headwinds for advanced modern economies and tailwinds for emerging nations. The U.S. has a competitive advantage in terms of research and innovation and venture capital. There is bifurcation of the world into economic poles of the China-led ecosystem and the U.S. Asset allocation opportunities include long-duration assets such as 30-year bonds and alternative fixed income, such as private credit. Real estate is expected to remain volatile and is segmented. Creative, innovative companies in biomedical sciences and artificial intelligence are among opportunities.

Trustee Vasquez discussed points made in the Trustee Breakout session on Asset Allocation. The 60-40 (equities-bonds) portfolio has made its return and has a place in institutional investing. The world of the last 30 years with low interest rates is gone and inflation is expected to trend at 3 to 4% over the long term. The hottest 'emerging market' is middle America with the return of manufacturing and old-line industries. In another session Admiral Bill McRaven, noted former Navy seal and advisor to the Carlisle Group, said the rules-based world order is being chipped away. He advised embracing challenges by working together and cooperating with competitors to solve problems. As an example, he cited joint efforts to alleviate global energy concerns.

Trustee Vasquez said the main takeaways from the Chief Investment Officer Breakout Session on Investment Leadership Through Changing and Unpredictable Markets regarding asset allocation was to look for seasoned managers who have been through different market cycles, hire great staff, and remain curious. In the session on The Perfect Storm: Global Tensions, Rising Rates, and High Volatility, the speaker's point was there is a need to hedge currency risk, which is one-third of the equity risk premium.

Trustee Werby discussed key points from different SACRS sessions he attended. Real estate's role as an inflation hedge is challenged by higher capitalization rates. Challenges to political stability in Asia is a key concern as investors risk losing property by investing in real estate. Distressed loans can create opportunities for limited partners to negotiate terms, and cold storage has become more attractive than general office space. With regard to water resources, 2 billion people worldwide do not have access to safe drinking water. Demand for water is tilted to agricultural and industrial economies. For example, the drought in Taiwan contributed to the semiconductor chip shortage due to the industry's heavy water usage. Since 1990 water patents have doubled; examples are new technologies for wastewater treatment, desalination, and smart infrastructure to reduce leakage. Institutional investment in water infrastructure is expected to increase. Trustee Werby reported with higher interest rates some investors are moving from equities into income strategies. Investment opportunities include new infrastructure for charging stations and mining minerals needed to produce batteries and semiconductors.

Dale Barre, MCERA Clerk to the Board, reported on the California Special Districts Association (CSDA) Board Secretary/Clerk Conference in Monterey. In general the special districts are subject to the same compliance regulations as MCERA. The conference began with an inspirational speaker on being extraordinary and encouraging self-development. A session on ADA compliance detailed how websites can comply with accessibility standards. Speakers suggested meeting minutes should be kept brief. There was a comprehensive discussion on the foundations for administering a special district; for example, organizational structure and providing orientation for trustees. There was advanced training on the Public Records Act, and finally a discussion of board member and district liability issues. In response to Trustee Werby's inquiry about the minutes, Counsel Dunning stated MCERA is better positioned by having more information in the minutes, which has been very helpful in litigation to support the action and discussion Board members have when voting on issues.

b. Other Comments

No other comments by the trustees.

F. NEW BUSINESS

1. Future Meetings

Consider and discuss agenda items for future meeting

No discussion on this item.

G. OTHER INFORMATION

1. Training Calendar (ACTION)

Mr. Wickman reviewed updates to the monthly Training Calendar. In February 2023 Callan is offering an Alternative Investments session and in March the CalAPRS Advanced Principles of Pension Governance for Trustees course will be held in Los Angeles. In April the California Retired County Employees Association (CRCEA) holds its Spring Conference, and the NCPERS Annual Conference is in May. In the fall of 2023 the CII Conference will be in Long Beach and the CalAPRS Administrators' Institute convenes in Carmel.

It was M/S Vasquez/Jones to approve the Training Calendar as submitted. The motion was approved by a vote of 8-0 as follows:

AYES: Cooper, Gladstern, Jones, Klein, Martinovich, Tomlin, Vasquez, Werby

NOES: None ABSTAIN: None

ABSENT: Murphy, Silberstein, Gullett

H. CONSENT CALENDAR (ACTION)

It was M/S Cooper/Jones to approve the Consent Calendar as submitted. The motion was approved by a vote of 8-0 as follows:

AYES: Cooper, Gladstern, Jones, Klein, Martinovich, Tomlin, Vasquez, Werby

NOES: None ABSTAIN: None

ABSENT: Murphy, Silberstein, Gullett

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
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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

William Humes County of Marin - Health & Human Services

Homer Laird County of Marin - DRO

Gene Orro Tamalpais Community Services District

Nicole Ours County of Marin - Beneficiary

There being no further business, Chair Werby adjourned the meeting at 10:15 a.m.

Jeff Wickman Michelle Hardesty

Retirement Administrator Assistant Retirement Administrator

On behalf of: On behalf of:

Todd Werby, Board Vice Chair Maya Gladstern, Secretary



January 3, 2023

To: Board of Retirement

Marin County Employees' Retirement Association (MCERA)

From: Jeff Wickman ∤ *ω*

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.

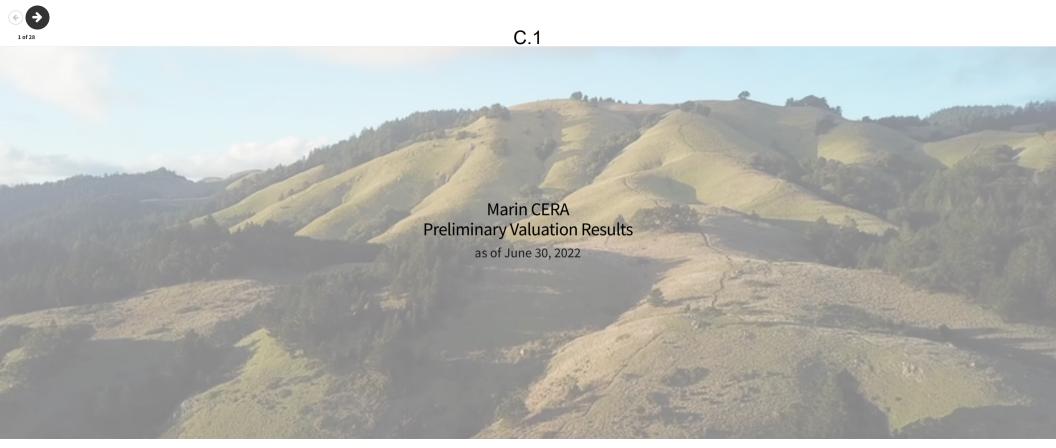
- July 13, 2022, the Board considered the circumstances of the emergency and made findings to support invoking the provisions through August 12, 2022.
- August 10, 2022, the Board considered the circumstances of the emergency and made findings to support invoking the provisions through September 9, 2022.
- 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.
- December 14, 2022 the Board considered the circumstances of the emergency and made findings to support invoking the provisions through January 13, 2023.

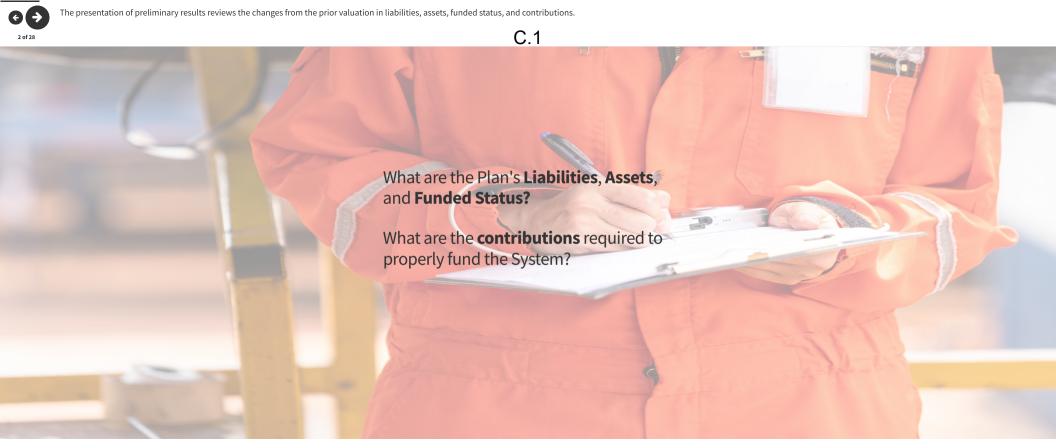
The precondition to the Board reinvoking Section 54953(e) and conducting its meetings via Zoom and YouTube for an additional thirty (30) days, if certain conditions exists, has been the State of Emergency that the Governor Newsom declared in March 2020. Governor Newsom announced recently that the State 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.

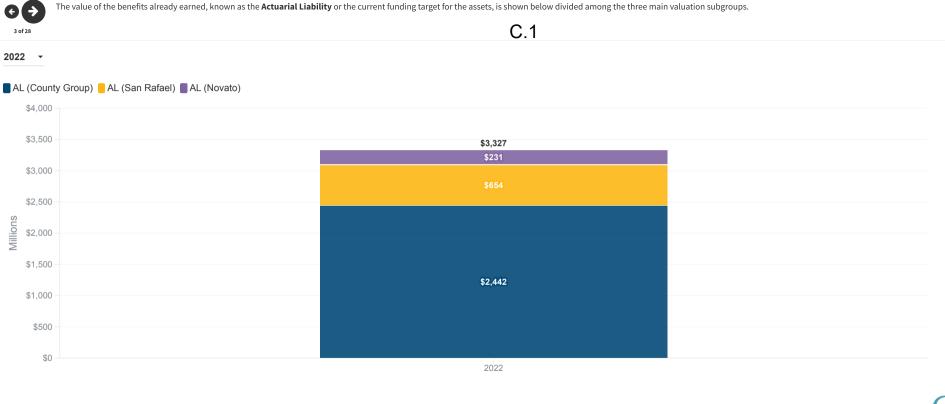
Recommendation

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 February 10, 2023 covering the January 18 Investment Committee and February 8, 2023 Board meetings.

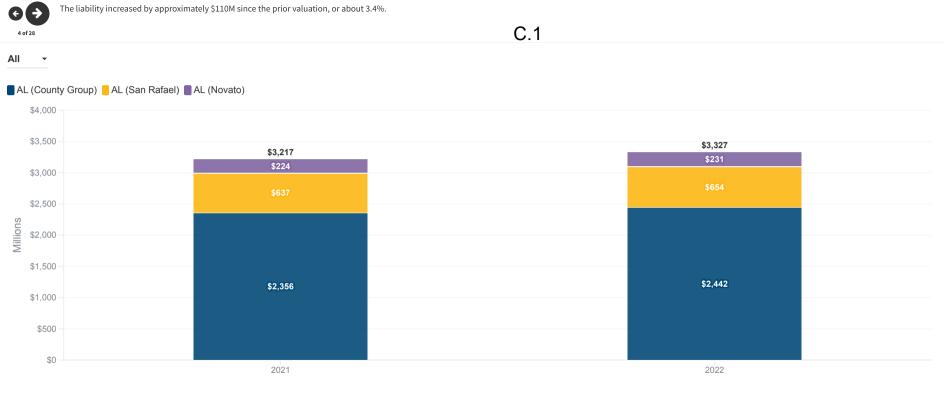
Staff recommends extending the teleconferencing provisions for an additional 30 days.



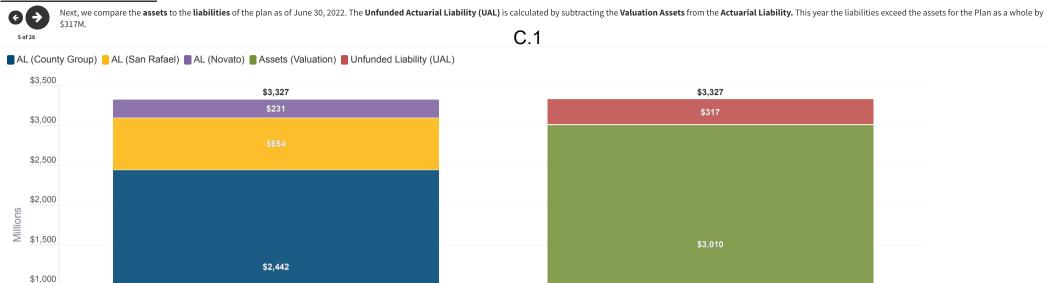












Liabilities Assets

\$500

\$0



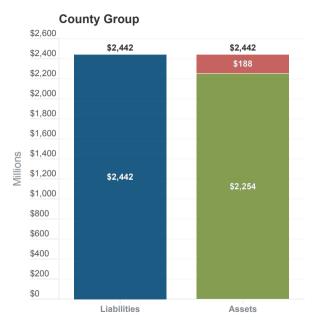


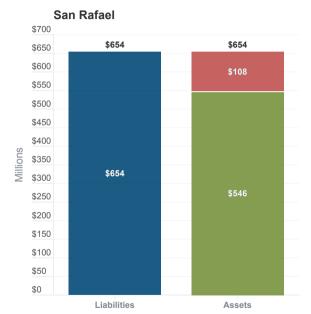
6 of 28

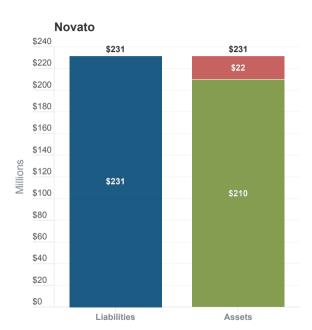
The funded status differs among the three valuation groups. MCERA separately tracks the assets for each group, which are shown below and compared to their liabilities. Currently, all three groups show an unfunded liability, unlike last year, when the County and Novato groups were in surplus (i.e., assets exceeded liabilities).

C.1







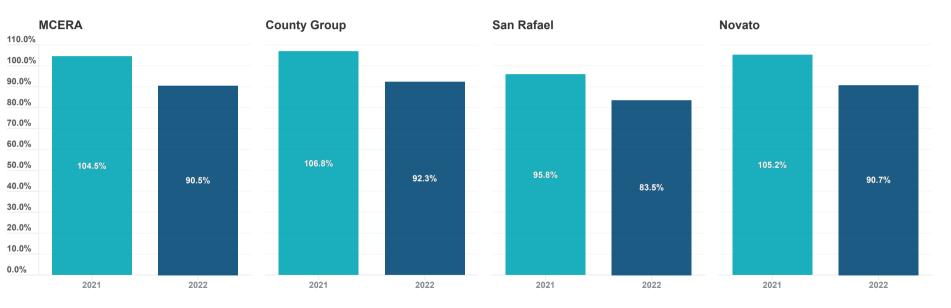




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C.1

Funded Ratio



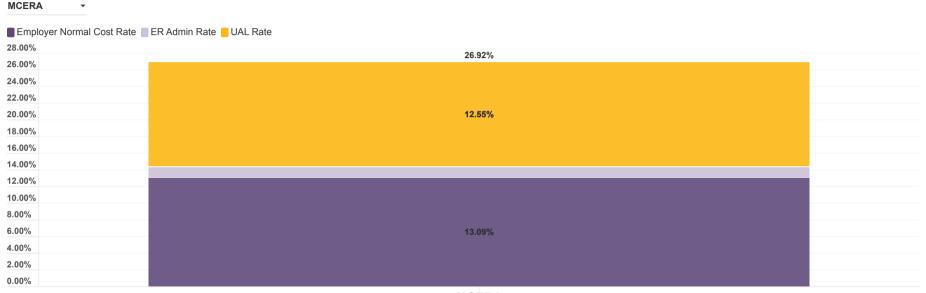




The **Actuarially Determined Contributions (ADC)** for the Plan, shown **as a percentage of pensionable pay**, are effective one fiscal year after the valuation date (i.e. from 7/1/2023-6/30/2024). The ADC is made up of the **Normal Cost (**or the cost assigned to this year's benefits net of any member contributions), plus a payment to cover the employers' share of the Plan's administrative expenses, plus the **Unfunded Actuarial Liability Amortization** payment.

8 of 28 C.1

FYE 2024 Employer Contribution Rates



MCERA



60.00% 55.00% 50.00% 45.00% 44.27% 40.00% 38.55% 35.00% 19.69% 30.00% 26.92% 25.00% 21.85% 20.00% 12.55% 8.48% 15.00% 10.00% 22.48% 15.49% 5.00% 13.09% 12.33% 0.00%

San Rafael

County Group

MCERA

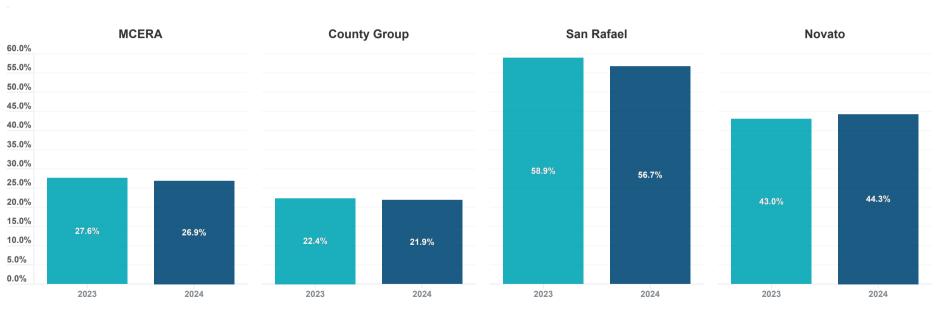


Novato



C.1

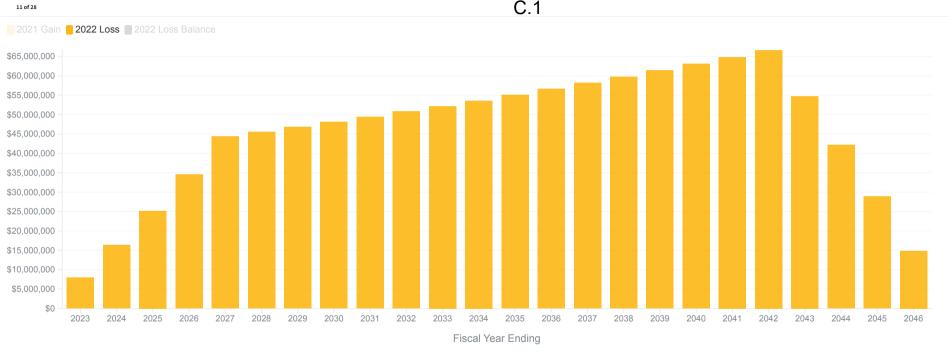
Employer Contribution Rate



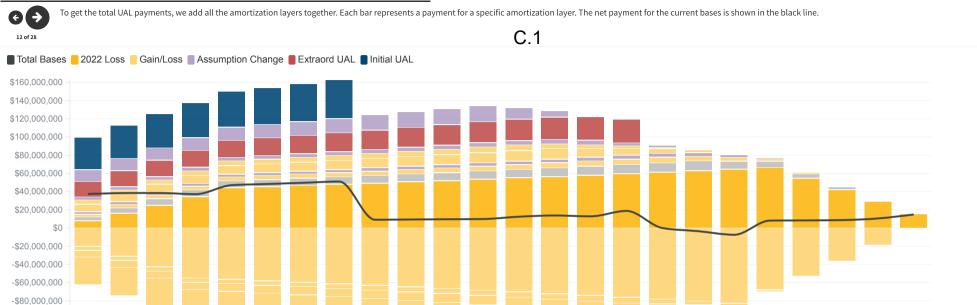




The increase in the UAL produces a new amortization layer. As discussed at the October workshop, beginning in 2014 new changes in the UAL are amortized over 24 year periods (22 years for assumption changes). Using an approach known as **direct rate smoothing**, the new payment schedules are phased-in over a five-year period (three years for assumption changes), and then similarly phased-out at the end, with the middle payments continuing to increase at the payroll growth rates.









-\$100,000,000 -\$120,000,000



C.1

ADC Rate Change by Source

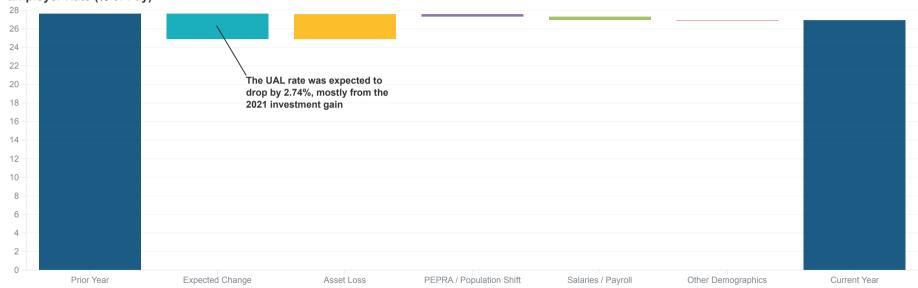
Employer Rate (% of Pay)





C.1

ADC Rate Change by Source





15 of 28

C.1

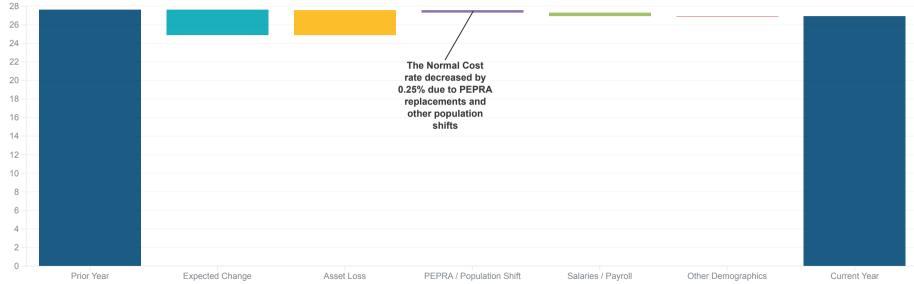
ADC Rate Change by Source





C.1

ADC Rate Change by Source



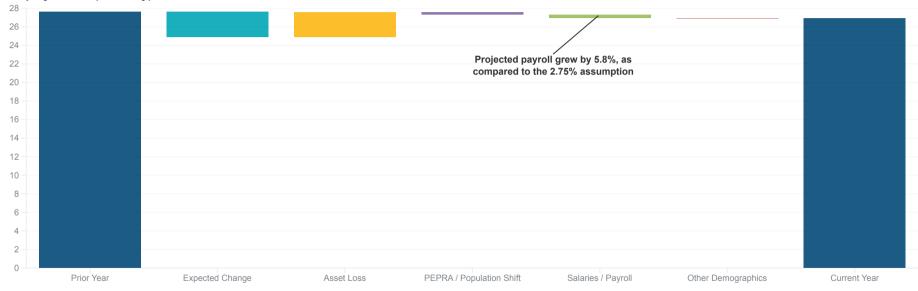




Overall payroll grew faster than expected, reducing the ADC rate by 0.19% of pay since the UAL payment is spread over a smaller base. The impact on the rate is slightly offset by returning members receiving higher pay increases than expected, which results in actuarial losses.

C.1

ADC Rate Change by Source

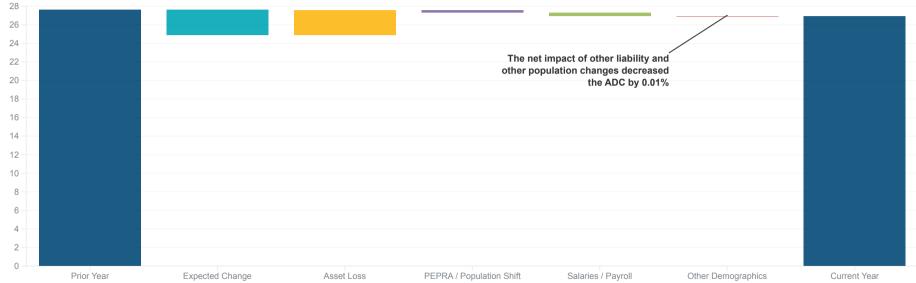




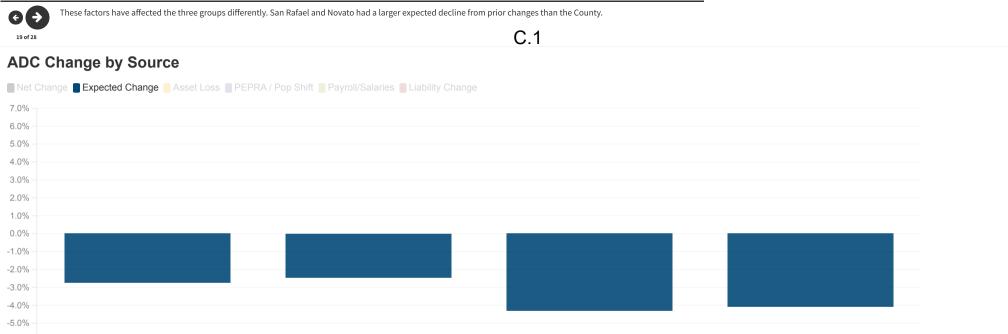
Otherwise liabilities and normal cost rates were very close to the level expected in aggregate, with a negligible impact on the net contribution rate.

C.1

ADC Rate Change by Source







San Rafael

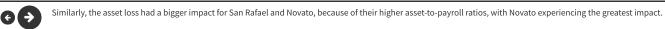
County Group

-6.0% -7.0%

MCERA



Novato



County Group

C.1

San Rafael

ADC Change by Source

MCERA

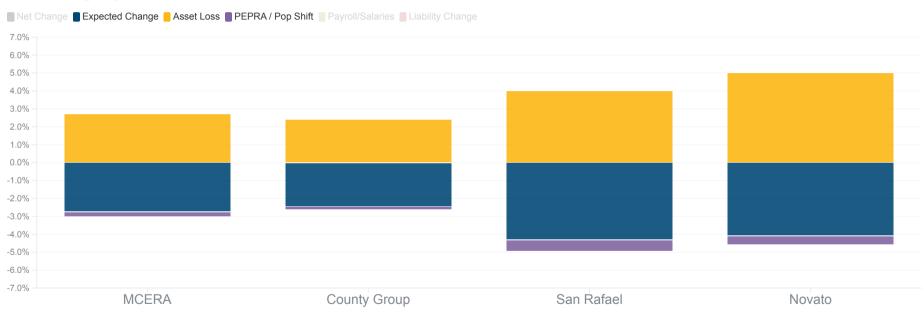




Novato



21 of 28

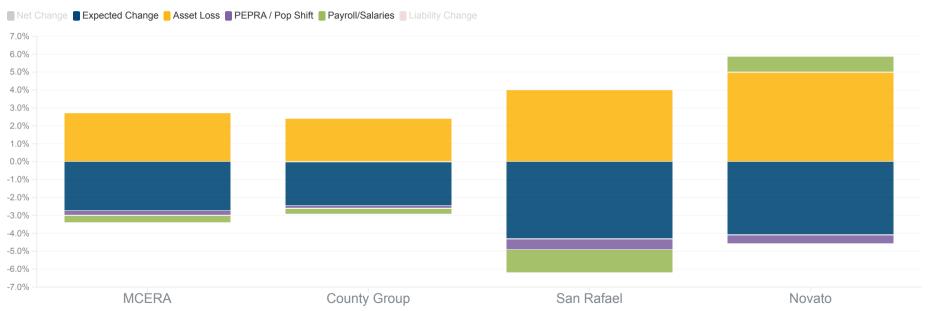






Projected payroll for the County and San Rafael grew faster than expected (by 6.1% and 5.9%, respectively), while Novato's actually shrank slightly (by 1.1%), which meant that payroll growth had an increasing impact on its UAL rate. The payroll projections include the impact of recently signed MOUs for the County workforce. **C.1** 22 of 28

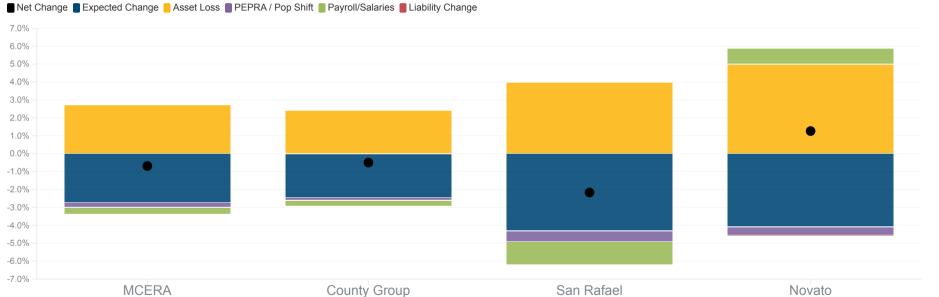
ADC Change by Source







ADC Change by Sour





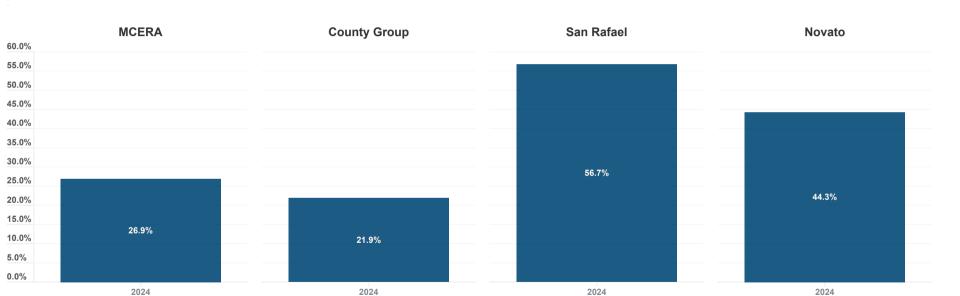




Based on the preliminary valuation results, employer contribution rates for the fiscal year ending June 30, 2024 are shown below.

C.1

Employer Contribution Rate

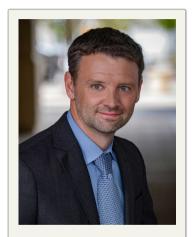








MCERA Consulting Team (click card for bio or to contact)



Graham SchmidtConsulting Actuary

Lafavette CA



Bill Hallmark
Consulting Actuary

Portland, OR



Timothy Doyle Associate Actuary

Portland OP



C.1

Certification

The purpose of this report is to present the preliminary results of the MCERA actuarial valuation as of June 30, 2022. These results are still under peer review and subject to change.

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 valuation.

contractual or legal issues. We are not attorneys, and our firm does not provide any legal services or advice.

In preparing our presentation, 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 data and actuarial assumptions used (unless modified within this communication) will be described in our June 30, 2022 actuarial valuation report.

Future projections may differ significantly from the projections presented in this presentation due to such factors as the following: plan experience different from that anticipated by the assumptions; changes in assumptions; and changes in plan provisions or applicable law.

Cheiron utilizes ProVal actuarial valuation software leased from Winkleyoss Technologies (WinTech) to calculate liabilities and project benefit payments. We have relied on WinTech as the developer of ProVal. We have a basic understanding of ProVal and have used

To the best of our knowledge, this presentation and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board. Furthermore, as credentialed actuaries, we meet the Qualification Standards of the American Academy of Actuaries to render the coinion contained in this presentation. This presentation does not address any

This presentation was prepared for the MCERA Retirement Board for the purposes described herein. Other users of this presentation are not intended users as defined in the Actuarial Standards of Practice, and Cheiron assumes no duty or liability to any other user.



D.1 Administrator's Report

This is a discussion with no backup.

SACRS ATTORNEY BREAKOUT SESSION

AGENDA

Wednesday November 9, 2022 2:00 PM - 4:30 PM

Moderators:

Karen Levy, CCCERA General Counsel Jessica Rivas, LACERA Staff Counsel

1.	Welcome & Introduction	2:00 p.m.
2.	Brown Act Teleconferencing Options and Assembly Bill 2449 Ashley Dunning, Partner, Nossaman LLP	2:10 – 2:40
3.	Disability Law Update Vivian Shultz, Attorney at Law Frank Boyd, LACERA Senior Staff Counsel	2:40-3:10
4.	Select Moderator for next SACRS (May 10, 2023 San Diego)	3:10
5.	Litigation Update Michael Herrera, LACERA Senior Staff Counsel	3:10-3:40
6.	Proposed SEC Rules Yuliya Oryol, Partner, Nossaman LLP	3:40-4:00
7.	Roundtable topics	4:00-4:30

Potential Brown Act amendment to explicitly allow closed session regarding electronic data security threats, similar to Gov't Code Section 11126(c)(18) (Bagley-Keene Open Meeting Act) which applies to state bodies

How are systems handling the "just cause" and "emergency circumstances" exceptions under the new Brown Act law?

Cybersecurity insurance

Will CERL systems apply AB 2443 re early retirement under JRS II as permitting reciprocal (concurrent) retirements?

D.2.b Other Comments

This is a discussion with no backup.

Date: January 11, 2023

To: Board of Retirement

Marin County Employees' Retirement Association (MCERA)

From: Jeff Wickman

Retirement Administrator

Subject: Fiduciary Liability Insurance Renewal

Background

MCERA currently purchases its fiduciary liability insurance coverage, as well as limited cybersecurity coverage, from Euclid/Hudson Insurance Company ("Hudson"). The Hudson policy term ends on January 15, 2023. Through MCERA's broker Hudson has provided the following renewal proposal for Fiduciary Liability Insurance Coverage:

- Premium: \$92,581 + \$300 Waiver of Recourse Premium (\$25/trustee) = \$92,881 annually. This is a \$1,980 increase over the current policy.
- Deductible/Retention: Loss for Claims of Natural Person Insured (e.g., Trustee) that cannot be paid out of plan assets: \$0. Loss for all other Claims: \$50,000 each Claim. Class Action Claims: \$250,000 each. No changes from the prior year.
- Scope of Coverage: Hudson has proposed the same reimbursement rates for legal services to the following not to exceed amounts: for partners \$625.00 (class action) per hour; for partners (not class action) \$575; for of counsel/senior associates (defined as five years of experience) \$425.00; associates (fewer than five years) \$350; and for paralegals \$125.00 per hour. No changes to the reimbursement rates.
- Additional coverages that were not previously available to MCERA were secured and existing sublimit coverages were increased (Voluntary Compliance Program Expenditures along with certain penalty and fine limits).

Recommendation

The policy proposal has been reviewed by the Board Counsel Ashley Dunning and by Counsel at Nossaman who specializes in insurance related issues, Jim Vorhis. Given the current insurance market, staff and Counsel view the renewal proposal as being favorable to MCERA. Staff recommends that the Board approve the renewal of the policy.



January 1, 2023

To: SACRS Trustees & SACRS Administrators/CEO's

From: Dan McAllister, SACRS Immediate Past President, Nominating Committee Chair

SACRS Nominating Committee

SACRS Board of Director Elections 2023-2024 - Elections Notice Re:

SACRS BOD 2023-2024 election process will begin January 1, 2023. Please provide this election notice to your Board of Trustees and Voting Delegates.

DEADLINE	DESCRIPTION
March 1, 2023	Any regular member may submit nominations for the election of a
	Director to the Nominating Committee, provided the Nominating
	Committee receives those nominations no later than noon on
	March 1 of each calendar year regardless of whether March 1 is
	a Business Day. Each candidate may run for only one office.
	Write-in candidates for the final ballot, and nominations from the
	floor on the day of the election, shall not be accepted.
March 25, 2023	The Nominating Committee will report a final ballot to each
	regular member County Retirement System prior to March 25
May 13, 2023	Nomination Committee to conduct elections during the SACRS
	Business Meeting at the Spring Conference
May 15, 2023	Board of Directors take office for 1 year

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

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

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

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

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

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



his or her board agenda. The Administrator shall acknowledge the completion of these responsibilities with the Nominating Committee.

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

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

The elections will be held at the SACRS Spring Conference May 9-12, 2023. Elections will be held during the Annual Business meeting on Friday, May 12, 2023, in San Diego at Paradise Point Hotel and Resort.

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

Thank you for your prompt attention to this timely matter.

Sincerely,

Dan McAllister

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

CC: SACRS Board of Directors

SACRS Nominating Committee Members

Sulema H. Peterson, SACRS Executive Director



SACRS Nomination Submission Form SACRS Board of Directors Elections 2023-2024

All interested candidates must complete this form and submit along with a letter of intent. Both the form and the letter of intent must be submitted no later than March 1, 2023. Please submit to the Nominating Committee Chair at Dan.McAllister@sdcounty.ca.gov AND to SACRS at sulema@sacrs.org. If you have any questions, please feel free to contact Sulema Peterson at SACRS at (916) 701-5158.

Name of Candidate	Name:
Candidate Contact	Mailing Address:
Information	
(Please include – Phone	Email Address:
Number, Email Address	
and Mailing Address)	Phone:
Name of Retirement	System Name:
System Candidate	
Currently Serves On	
List Your Current	o Chair
Position on Retirement	o Alternate
Board (Chair, Alternate,	o General Elected
Retiree, General Elected,	o Retiree
Etc)	o Other
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Applying for SACRS	o President
Board of Directors	○ Vice President
Position (select only one)	o Treasurer
	o Secretary
	Regular Member
Brief Bio in Paragraph Format	

E.3 Future Meetings

This is a discussion with no backup.

F.1 MCERA Conference and Training Calendar January 2023

Cooper	Gladstern	Gullett	Jones	Klein	Martinovich	Murphy	Shaw	Silberstein	Tomlin	Vasquez	Werby	Wickman	Hardesty	Bakerink	Dunning	Date	Approved	Sponsor	Program	Location
																2/9/2023	*	CalAPRS	Administrators Round	Virtual
																2/10/2023	*	CalAPRS	Table Attorneys Round Table	Virtual
																2/15/2023	*	Callan	Alternative Investments	Virtual
																2/16/2023	*	CalAPRS	Benefits Round Table	Virtual
												0				3/4-7/2023	*	CalAPRS	General Assembly	Monterey, CA
								0		0						3/6-8/2023	*	CII	Spring Conference	Washington, DC
																3/17/2023	*	CalAPRS	Investments Round Table	Virtual
																3/21/2023	*	CalAPRS	Compliance Round Table	Virtual
																3/24/2023	*	CalAPRS	Legal Support Round Table	Virtual
																3/29-31/2023	*	CalAPRS	Advanced Principles of Pension Governance for Trustees	Los Angeles, CA
																4/2-4/2023	*	Callan	National Conference	Scottsdale, AZ
																4/7/2023	*	CalAPRS	Accountants Round Table	Virtual
																4/12/2023	*	CalAPRS	Communications Round Table	Virtual
																4/14/2023	*	CalAPRS	Information Technology Round Table	Virtual
																4/17-19/2023		With. Intelligence	Pension Bridge Annual	San Francisco, CA
																4/17-21/2023	**	Wharton	Investment Strategies & Portfolio Management	Philadelphia, PA
																4/23-26/2023	**	CRCEA	Spring Conference	Ontario, CA

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Cooper	Gladstern	Gullett	Jones	Klein	Martinovich	Murphy	Shaw	Silberstein	Tomlin	Vasquez	Werby	Wickman	Hardesty	Bakerink	Dunning	Date	Approved	Sponsor	Program	Location
																5/2-4/2023		DFA	Annual Institutional Symposium	Austin, TX
																5/9-12/2023	*	SACRS	Spring Conference	San Diego, CA
																5/21-24/2023	*	NCPERS	Annual Conference	New Orleans, LA
																5/23-25/2023	*	Callan	Introduction to Investments	Virtual
																5/26/2023	*	CalAPRS	Attorneys Round Table	Virtual
																6/22/2023	*	CalAPRS	Benefits Round Table	Virtual
																6/23/2023	*	CalAPRS	Administrators Round Table	Virtual
																7/16-19/2023	*	SACRS	Public Pension Investment Management Program	UC Berkeley, Oakland, CA
																9/8/2023	*	CalAPRS	Attorneys Round Table	Virtual
																9/11-13/2023	*	CII	Fall Conference	Long Beach, CA
																9/12/2023	*	CalAPRS	Accountants Round Table	Virtual
																9/26-28/2023	*	Callan	Introduction to Investments	Virtual
																9/27-29/2023	*	CalAPRS	Administrators' Institute	Carmel, CA
																10/6/2023	*	CalAPRS	Information Technology Round Table	Virtual
																10/17/2023	*	CalAPRS	Copy of Compliance Round Table	Virtual
																11/7-10/2023	*	SACRS	Fall Conference	Rancho Mirage, CA
																11/30/2023	*	CalAPRS	Investments Round Table	Virtual
																12/1/2023	*	CalAPRS	Benefits Round Table	Virtual
Not	te that the DFA Symposium overlaps with the Board's May 3, 2023, meeting.																			

F.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, January 11, 2023

DECEMBER 2022

	RETURN OF CONTRIBUTIONS	
Letitia Bauer	Partial Refund of Contributions (30 year)	\$ 7,136.89
Madeline Bryant	Partial Refund of Contributions (correction)	\$ 1,528.22
Michael Garrison	Refund of Contributions (termination)	\$ 121,849.87
Cameron Hunter	Refund of Contributions (termination)	\$ 5,512.34
Houa Lor	Refund of Contributions (termination)	\$ 17,125.04
John Tanner	Refund of Contributions (termination)	\$ 13,535.36

BUYBACKS	
Gabriela Chiapellone	\$ 1,147.29
Carol Farrer	\$ 3,726.06
Kristian Louie Nadal	\$ 2,681.29
Dillon Plumbtree	\$ 30,040.24
Martha Rojas	\$ 412.62
Rachel Roomian	\$ 1,500.00

NEW RETIREES					
Charles Edwards	County of Marin - Sheriff/Coroner				
Lisa Holton	City of San Rafael				
Erin Lynch	County of Marin - Health & Human Services				
Michael A. Martinez	Southern Marin Fire	•			
Donna McLeran	County of Marin - Sheriff/Coroner				
Debbie Meyer	County of Marin - Health & Human Services				
Josie Sanguinetti	County of Marin - Sheriff/Coroner				
Anthony Tantarelli	County of Marin - Sheriff/Coroner				
Kristie Wheeler	County of Marin - Community Development				

	DECEASED RETIREES					
Reno Angiolini	County of Marin - Fire					
Christine Bassett	County of Marin - Health & Human Services					
Roberta Boyer	County of Marin - Health & Human Services					
Larry Elliott	County of Marin - Cultural Services					
Jennifer Fisher	County of Marin - Sheriff/Coroner					
June Garrett	County of Marin - Beneficiary					
Marjorie Harmon	County of Marin - Health & Human Services					
Richard McKone	County of Marin - Probation					
Margaret Patterson	County of Marin - Administrator					
Frank Prim	City of San Rafael					
Anthony Russo	County of Marin - Sheriff/Coroner					
Sandra Vaughn	City of San Rafael - Beneficiary					