

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

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

July 12, 2023 – 9:00 a.m.

This meeting will be held at the address listed above and, absent technological disruption, will be accessible via videoconference and conducted in accordance with Government Code section 54953 and 54954.2 through December 31, 2025.

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

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

MINUTES

May 16-17, 2023 Strategic Workshop
June 14, 2023 Board Meeting
June 21, 2023 Investment Committee 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. BOARD OF RETIREMENT MATTERS

1. Administrator's Report
 - a. Administrator's Update
 - b. Staffing Update
 - c. Facility Use Report
 - d. Future Meetings
 - August 9, 2023 Board
 - August 15, 2023 Audit Committee
 - August 16, 2023 Finance and Risk Management Committee
2. Standing Committee Report – Audit Committee
 - a. Annual Financial Audit Scope of Services and Processes
Consider and discuss annual audit processes
 - b. Audit Committee 2023 Audit Schedule
Review and discuss schedule of audit activities for 2023
3. Trustee Comments
 - a. Educational Training: Reports by Trustees and Staff
 - b. Other Comments

C. DISABILITY CONSENT AGENDA (TIME CERTAIN: 9:15 a.m.) (ACTION)

Any item that a Board member requests be pulled from the Disability Consent Agenda will be considered in Closed Session under the authority of Government Code section 54957(b), unless the applicant specifically waives confidentiality and requests that their application be considered in Open Session.

James Bellamy

Service connected

City of San Rafael

Consider and take possible action to adopt Administrative Recommendation to grant service-connected disability retirement application.

D. NEW BUSINESS

1. Future Meetings
Consider and discuss agenda items for future meetings

E. OTHER INFORMATION

1. Training Calendar (ACTION)

F. 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.

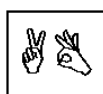
Note on Board Member requests to participate by teleconference under Government Code section 54953, subdiv. (f): At least a quorum of the Board must be present together physically at the meeting to invoke this provision. The provision is limited to “just cause” and “emergency” circumstances, as follows:

“Just cause” is only: (1) a childcare or caregiving need of a child, parent, grandparent, grandchild, sibling, spouse or domestic partner that requires them to participate remotely; (2) a contagious illness that prevents a member from attending in person; (3) a need related to a physical or mental disability, as defined; or (4) travel while on official business of MCERA or another state or local agency. A Board member invoking “just cause” must provide a general description of the circumstances relating to their need to appear remotely at a given meeting, and it may not be invoked by a Board member for more than two meetings in a calendar year.

“Emergency circumstances” is only: “a physical or family medical emergency that prevents a member from attending in person.” The Board member invoking this provision must provide a general description of the basis for the request, which shall not require the member to disclose personal medical information. Unlike with “just cause,” the Board must by majority vote affirm that an “emergency circumstance” situation exists.

As to both of the above circumstances, the Board member “shall publicly disclose at the meeting before any action is taken whether any other individuals 18 years of age or older are present in the room at the remote location with the member and the general nature of the member’s relationship with any such individuals.” Also, the Board member “shall participate through both audio and visual technology,” and thus be both audible and visible to those attending. Finally, no Board member may invoke these teleconference rules for more than three consecutive months or 20 percent of the regular meetings of the Board.

Note on teleconference disruption that interrupts the live stream: In the event of a technological or similar disruption, and provided no Board/committee members are attending by teleconference, the meeting will continue in person.



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

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

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

Minutes

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

**One McInnis Parkway, First Floor
San Rafael, CA
May 16-17, 2023**

This meeting was held at the address listed above and, absent technological disruption, was accessible via videoconference and conducted in accordance with Government Code section 54953 and 54954.2.

Day 1 May 16, 2023

Meeting Chair Todd Werby

9:00 a.m.

Call to Order/Roll Call

Chair Werby called the meeting to order at 9:06 a.m.

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

ABSENT: Gullett (alternate safety)

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

No discussion.

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.

Change to Actuarial Standards of Practice #4: New Low Default Risk Obligation Measure
Graham Schmidt, ASA, FCA, MAAA, EA Consulting Actuary, Cheiron

Graham Schmidt, Actuary with Cheiron, discussed updates to Actuarial Standards of Practice (ASOP) No. 4, Measuring Pension Obligations and Determining Pension Plan Costs or Contributions. This standard governs all U.S. pension plans and the updates are effective February 15, 2023. Of three main changes, the first is to disclose a reasonable Actuarially Determined Contribution (ADC). Next is to assess the implications of funding policy, and finally to disclose a Low-Default-Risk Obligation Measure (LDROM).

Mr. Schmidt stated to achieve a reasonable ADC, MCERA employs assumptions, actuarial cost methods, and smoothing methods in its funding policy that are consistent with the ASOP 4 guidelines. The amortization policy should complete amortization in a reasonable amount of time, which for MCERA is now 14 years as of the prior valuation. In addition, an assessment needs to be made as to whether the funding policy is significantly inconsistent with the plan to accumulate assets to pay benefits. By definition MCERA's Plan is consistent with the objective of getting the correct assets and as a result will be able to comply with the new ADC disclosures and review of the funding policy.

Mr. Schmidt turned to the requirement to calculate and disclose the LDROM. The LDROM does not change how plan liabilities are calculated for the purpose of determining employer and employee contributions or the Plan's funded status. The LDROM requires that the actuary create a new liability calculation for disclosure purposes only. The new calculation will show Plan liabilities based on a discount rate derived from low-default-risk fixed income securities. One of the recommended options for the LDROM rate is the FTSE Pension Liability Index, which is a corporate bond index that is currently close to 4.75% as compared with the 6.75% discount rate used by MCERA. The purpose of the LDROM is to represent an estimate of liabilities if MCERA were to invest only in low default-risk fixed income securities. Mr. Schmidt pointed out the difference between the LDROM measurement and the actuarial liability based on the assumed rate of return also represents the expected savings to taxpayers for taking investment risk. Furthermore, the LDROM may also be considered the cost to an employer wishing to terminate their participation in MCERA. Mr. Schmidt observed that retirement benefit security depends on investment returns and the ability of the sponsor to pay contributions.

Trustee Silberstein indicated the LDROM requirement comes from political pressure for pension plans to invest in risk-free securities, which has the effect of driving up the cost to the employer and employee. He pointed out there is extreme volatility in the value of risk-free securities, especially longer-term (a rise in interest rates causes bond values to go down). Mr. Schmidt said this point is well taken, noting the FTSE Pension Liability Index interest rate changed by 200 basis points in two months, which takes away some of the meaning. Trustee Silberstein concluded MCERA's investment earnings are saving the taxpayers and employers money. Counsel Dunning advised that California law mandates that public pensions invest in diversified investments and therefore using LDROM as an approach for investing trust fund assets would violate pension law. Trustee Vasquez asked if California law specifically addresses modern portfolio theory for public pension investments. In response, Counsel Dunning said California law requires public pension plans to diversify investments so as to maximize returns and minimize risk. Mr. Wickman noted the California Public Employees' Retirement System

For consideration at July Board meeting

(CalPERS) has been publishing a termination liability, which he felt provided the clearest context for what the new measure would mean for anyone reviewing the actuarial reports.

Chair Werby recessed the meeting for a break at 9:54 a.m., reconvening at 10:02 a.m.

Trustee Jones joined the meeting at 10:03 a.m.

10:00 a.m. – 11:00 a.m.

Overview of the Triennial Experience Study Process

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

Mr. Schmidt gave an overview of the Triennial Experience Study process which involves analysis of economic and demographic assumptions to determine if adjustments need to be made based on the Plan's experience. The assumptions are used to project retirement benefits and calculate the actuarial liability. Mr. Schmidt explained that benefit costs are based on actual experience and, eventually, contributions and investment earnings must equal benefits and expenses. He explained that the annual actuarial valuation is self-correcting, so that changes from year to year are amortized over time to get back to the funding target.

Methods of setting assumptions include looking at industry trends and historical data, particularly for demographic assumptions. For economic assumptions, the Actuary looks to the opinion of experts and what the risk preference is, particularly for the discount rate. Economic assumptions include inflation, the rate of return on assets, wage increases, and how much payroll will increase over time. Among demographic assumptions are the likelihood of termination or retirement and at what age, and mortality.

Mr. Schmidt discussed current economic conditions that are considered in setting economic assumptions going forward. He said discount rates for public pension plans have been trending down over the last several years, as have inflation assumptions. He also noted the level of fixed income allocations has fallen and more has been invested in private asset classes. In the last year capital market expectations for the future have improved following a decline in asset valuations. Mr. Schmidt made the point that big shifts are not indicated in response to economic conditions.

MCERA's inflation assumption has been reduced from 4% to 2.5% over the past 15 years. Investment returns have averaged 7.4% over 5 years, 8.9% over 10 years, and 5.9% over 15 years. As compared with the universe of large public pension plans, MCERA's 6.75% return assumption is just below the median, and is the most common assumption for California plans. Callan's expected return over 10 years for the current portfolio is 7.2%, an over 1% increase from the prior year. Mr. Schmidt said inflation spiked over the past two years and is now down from a high of 9% at the beginning of 2023 to just under 5%. The inflation assumption of 2.5% is the median mode of peers and the Survey of Professional Forecasters, and is consistent with expert and market expectations over the long term.

Trustee Klein joined the meeting at 10:27 a.m.

Turning to demographic assumptions, Mr. Schmidt said the wage growth assumption of 3% is based in part on a census of local wages in the San Francisco Bay Area. He noted that wages have been crowded out due to health care costs. The payroll growth assumption is 2.75% per year, since some elements of pay will not be pensionable due to the PEPR cap. For the cost of living adjustment (COLA) the expectation is set slightly lower than the assumed inflation

For consideration at July Board meeting

assumption due to the COLA caps. Because retirees have built up COLA banks over the past couple of years, the actuary will be looking closely at whether the assumption will need to be modified.

Trustee Vasquez asked if the Likelihood of Achieving Average Returns on Slide 14 incorporated a Bayesian-type framework. In response, Mr. Schmidt said the analysis used a standard log-normal distribution based on the standard deviation and Callan's correlation matrix.

For demographic assumptions, Mr. Schmidt said the best indicator is recent MCERA experience. The analysis employs the actual-to-expected ratio of terminations, disabilities or retirements to set assumptions. A confidence interval is determined based on the number of people in each metric. He said PEPRA members may retire later because it takes longer to reach the maximum benefit. Recent mortality data suggests slowing rates of improvement in longevity.

Trustee Vasquez asked how the Actuary is incorporating the population growth of, for example millennials and immigrants, in Marin County. Mr. Schmidt replied he only calculates liabilities for people in the Plan and projections assume there is a level active population. He noted a consideration is the average age at hire for Miscellaneous members, which is approximately 40 years old. Trustee Vasquez indicated newer workers may live longer and Mr. Schmidt affirmed there is generational mortality with improvement each year in longevity.

Chair Werby recessed the meeting for a break at 11:00 a.m., reconvening at 11:05 a.m.

11:00 a.m. – 12:00 p.m.

Inflation Drivers: Where is it going in 2023 and beyond

Dana M. Peterson, Chief Economist
The Conference Board

Trustee Vasquez introduced Dana Peterson, Chief Economist for the Conference Board, who is the leader of the Economy, Strategy and Finance Center. Ms. Peterson stated inflation is driving what is going on in the U.S. economy now and over the longer term. As a result, she is expecting a higher interest rate environment.

Ms. Peterson stated as a result of people staying home due to COVID there was intense pressure on prices for goods. Then, manufacturing saw a spike in inflation which was furthered by easy monetary and fiscal policy by the Federal Reserve to help keep the economy from further decline. Since 2022 the war in Ukraine created a humanitarian crisis along with rising food and energy prices. Low interest rates increased demand for homes and housing prices rose, and natural disasters have put pressure on prices. Currently, the economy is transitioning away from goods toward services outside of the home. Meanwhile, service industries had to rehire workers which put upward pressure on wages.

Ms. Peterson stated as a consequence of higher inflation the Fed has raised interest rates and the balance sheet is rising. This is expected to generate a short and shallow recession in the U.S. She noted inflation from global supply chain pressures is over, and the Producer Price Index (PPI) and gas prices are coming down. But with no slowing in the CPI or the personal consumption deflator, there is still sticky underlying inflation for consumers. One reason is input costs are being passed on to consumers. Services are the biggest driver of inflation overall, notably housing. Ms. Peterson said the good news is that home prices are down year to year and rents should follow. She is not expecting a material worsening of the labor market since 33% of

For consideration at July Board meeting

industries are expecting to hire more workers and 75% of employers are expecting to raise wages.

Ms. Peterson thinks the Fed will raise interest rates one more time and then cut interest rates beginning in the second quarter of next year. She cited inflationary structural changes of labor shortages due in part to the aging population, deglobalization, the energy transition where supply is reduced and renewables are not yet available, millennials looking for housing, and remote work.

In conclusion, Ms. Peterson said over the long run technological advances will lead to productivity gains, reduced inflation, and faster growth. These advances include digital transformations, semiconductor chip availability, and automation with machines and robots replacing workers. She added that better infrastructure with public-private partnerships and more free trade agreements could help reduce friction and lower costs.

Trustee Silberstein asked about Japan that has an aging population. Ms. Peterson commented that Japan has some inflation related to wages due to a labor shortage. Trustee Silberstein pointed out that in California housing zoning laws are causing scarce supply and empty commercial buildings cannot be converted to other use.

Trustee Gladstern asked about the Conference Board which Ms. Peterson explained is a nonpartisan, international business think tank focusing on surveys of CEO's of the Fortune 500 and Fortune 1000 companies. Trustee Vasquez noted the Conference Board publishes the monthly Leading Economic Index and the Consumer Confidence Index. Trustee Klein observed the bond market is expecting the Fed to cut rates before the end of the year, which differs from what the Fed is saying. In response, Ms. Peterson said the inverted yield curve usually signals an economic downturn, which the Fed is prepared to have.

Chair Werby asked how a recession would be defined. In response, Ms. Peterson said the National Bureau of Economic Research (NBER) considers the depth, duration, and diffusion of a slowdown as well as negative GDP when naming a recession.

Chair Werby recessed the meeting for lunch at 12:02 p.m.

12:00 p.m. – 1:15 p.m.

Lunch Break

Chair Werby reconvened the meeting at 1:19 p.m.

1:15 p.m. – 2:15 p.m.

The Fiscal Cliff: What is the potential impact to markets?

Brad DeLong, Professor Economics
University California, Berkeley

Trustee Silberstein introduced Brad DeLong, Professor of Economics at the University of California, Berkeley, who was Under Secretary of the U.S. Treasury during the Clinton administration. The thesis of Professor DeLong's most recent book, *Slouching Toward Eutopia*, is life is a lot better but not as good as it could be for many others.

Professor DeLong said Treasury Secretary Janet Yellen states that soon after June 1, 2023 the U.S. Treasury will begin bouncing checks. If the debt limit is reached then, then one of three

things will happen. The first is the Federal Reserve might record a negative balance in the Treasury account and keep operating as usual. Second, the Federal Reserve might not clear the checks and tell the banks to take up the issue with the Treasury. The banks may then accept the checks and record the balance in clients' accounts. Third, the Federal Reserve may not clear the check and tell the banks to take the matter up with the Treasury. The banks may then tell the clients to take the matter up with the U.S. Treasury.

If breaching the debt ceiling comes to pass, the Professor said, then it is hard not to see the price of Treasury securities being discounted. He addressed why we would get to this state. The laws Congress has passed tell the Treasury to write checks and levy taxes but also created a debt ceiling. The Treasury has no choice, it says, but to obey all of the laws and write checks that will bounce if it is no longer able to borrow. The law also requires the Treasury Secretary as a fiduciary to manage some accounts like the Social Security Trust Fund separately from the main Treasury account. Earlier this year upon redeeming securities from the Social Security Trust Fund, the Treasury did not transfer cash from the main account into the Trust Fund account. That means the Trust Fund has notional IOUs from the Treasury. The debt of the U.S. plus IOUs in the trust funds now exceeds the debt ceiling and has done so for months. But the Treasury says the IOUs are not part of the debt subject to the debt limit. The significance of June 1 is that it is the date these expedients will be exhausted and the Treasury will be forced to issue rubber checks. The broader equity markets appear unaffected, the Professor said, but there is a definite possibility that someone may find a payment not going through on June 1 if the situation is not resolved.

Professor DeLong discussed the political positions of President Biden and Speaker of the House Kevin McCarthy, noting at most one of these higher order positions are right or they could both be wrong. If a compromise is not passed quickly, the Professor said, there are likely implications in the long run for the price of U.S. bonds, the value of the dollar, and lack of trust in the U.S. Government.

Trustee Vasquez asked about the effect of a default on securities issued by municipal, state, and federal agencies. In response, Professor DeLong said the first order effect is the price of securities would fall. Secondly, the price of municipal securities and the like would rise relative to U.S. Treasury securities. He said there really is no precedent for this kind of strange technical default as a result of the interpretation of conflicting laws that have been passed. Trustee Vasquez asked if the U.S. Treasury should consider issuing 50+ year bonds and the Professor indicated that space should be explored.

Trustee Klein asked about the \$1 trillion coin. In response Professor DeLong explained the U.S. Treasury has the power to issue platinum coins without their value being tied to the bullion in them. So, because the debt limit does not include coins, the Treasury could mint a \$1 trillion coin and use it to buy government bonds in order to get underneath the debt limit. Chair Werby asked about predictions of significant job losses if we go off the fiscal cliff. The Professor replied this is being compared with the situation in 2008 when mortgages lost value, financing dried up, and the unemployment rate rose to 11%. He noted a number of members of Congress believe default would be unthinkable. Trustee Gladstern asked Mr. Callahan if there is something we should be doing and he replied MCERA has adequate sources of liquidity and should be able to avoid being a forced seller.

Chair Werby recessed the meeting for a break at 2:11 p.m., reconvening at 2:15 p.m.

2:15 p.m. – 3:15 p.m.

Private Equity Investment Considerations

William W. Clayton, Francis R. Kirkham Associate Professor of Law
Brigham Young University

Yuliya Oryol, Partner with Nossaman, introduced William Clayton, Associate Professor of Law at Brigham Young University, to discuss private equity investment considerations. Professor Clayton is a business law scholar whose research on contracts and private investment funds has been presented to the Securities and Exchange Commission (SEC). Professor Clayton said historically the SEC has taken a light touch with private equity managers, but over the past 15 years private markets have grown and the SEC sensed the need to step in. The Professor said this is an interesting crossroad where private equity will become more regulated.

In February 2022, the SEC issued a proposal applicable to all registered private equity fund advisers. The components include an annual audit for each private fund advised, an annual compliance review, quarterly disclosure statements for each private fund advised, and disclosure of fees, expenses and compensation paid to the adviser or related persons. Prohibited practices apply to all private fund advisers and include charging certain fees and expenses such as accelerated monitoring fees and expenses, seeking limitation of liability for breach of fiduciary duty, charging fees or expenses on a non-pro rata basis, borrowing or receiving an extension of credit from a private fund client, and preferential treatment that has a negative effect on other investors. Asked by Trustee Klein who MCERA's advisers are, Ms. Oryol replied that Abbott Capital Management and Pathway Capital Management would report to MCERA and would receive information from the underlying funds.

Professor Clayton said a long comment period has ensued during which he submitted two letters about the SEC proposal in April and December 2022 on how academics are thinking about these rules. He indicated these letters may lend consideration at a deeper level on where things are going. His views on the proposal are, first, the rules were more aggressive than many expected, notably the prohibited practices that have received a lot of attention. Second, the proposal did not provide a clear articulation as to the causes of bargaining inefficiencies the rules are trying to fix, nor how the proposed interventions are calibrated to fix problems. Third, when the SEC addresses causes of bargaining inefficiencies, the data does not support these policy efforts. Finally, the SEC asks for industry input on questions of implementation, rather than on whether we are getting the cause of the problem right.

In his comments Professor Clayton argued this is a different type of securities regulation than the SEC has engaged in before. In addition, there is a greater need to apply rules narrowly so as not to unnecessarily impinge on freedom of contract. His academic theories on causes of bargaining failures include competition among investors and legal teams losing bargaining power. He pointed out that due to the lack of public information scholars have been cautious about interventions in private equity. He argues that depending on what is causing bargaining inefficiencies, a different set of policy responses may be called for. Professor Clayton's policy recommendation in the short run is for the SEC to take a multi-staged approach. Over the long run the SEC could do more to generate data to inform its policy-making function and get investor input on the causes of bargaining inefficiencies. Industry participants can generate more data and create policy dialogue, and there can be more collaboration between industry scholars and policy makers.

For consideration at July Board meeting

In March the Institutional Limited Partners Association (ILPA) released a report quantifying the challenges faced by Limited Partners (LPs). Survey results point to a lack of bargaining power and terms favoring the General Partner (GP). Professor Clayton said the ILPA report, along with more information coming from industry, is a step in the right direction in supporting a policy dialogue.

Trustee Silberstein asked if terms offered across private equity funds are different and Professor Clayton replied top managers do have the luxury of setting terms. Ms. Oryol added top quartile funds tend to have more restrictive terms and aggressive tactics, with investors willing to accept the terms just to get an allocation. Chair Werby asked about Most Favored Nation provisions and Professor Clayton said the SEC approach is to prohibit preferential treatment. Ms. Oryol added that currently side letters assist investors with these provisions. Professor Clayton said it is very much in play right now to know what terms are provided to other investors.

3:15 p.m. – 3:30 p.m.

Closing and Follow-up Items from Today's Agenda

Mr. Wickman asked for comments on the day's presentations.

There being no further business, Chair Werby adjourned the meeting at 3:12 p.m.

Day 2 May 17, 2023

9:00 a.m.

Call to Order/Roll Call

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

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

ABSENT: Gullett (alternate safety)

Open Time for Public Expression

No members of the public provided comment.

9:00 a.m. – 10:00 a.m.

MCERA Investment Management Process and Structure

Jeff Wickman, Retirement Administrator

Retirement Administrator Jeff Wickman discussed MCERA's investment management process and structure. Through its Investment Committee, the Board establishes the Investment Policy Statement which sets forth the investment program. Included are policies and procedures, asset allocations, and performance objectives. MCERA employs an investment consultant to assist with asset allocations which are reviewed annually. The consultant also develops capital market expectations which are updated and reviewed each year. Every three to five years the consultant conducts an Asset/Liability Study to determine if the Fund is on track to meet the objectives.

For consideration at July Board meeting

Mr. Wickman emphasized the long-term view for Fund investments and the goal to pay the promised benefits.

Each asset class has target allocations and ranges, which, when assets do not fall within the authorized ranges, are rebalanced and reported to the Finance and Risk Management Committee and the Investment Committee. Trustee Klein asked for specifics on how the rebalancing is done. Mr. Wickman replied staff and the consultant determine portfolios to be trimmed, which will receive funds, and when this can be done depending on the investment vehicle. Trustee Klein requested that a specific timeline be set for when rebalancing is to be completed and Mr. Wickman said he will follow up on this request.

Trustee Jones joined the meeting at 9:11 a.m.

For manager selection the investment consultant role is to develop the candidate profile and present best-in-class managers to be considered. The Investment Committee determines which candidates will be interviewed and makes the hiring decision. The Administrator noted that manager selection can be challenging, and he encouraged the Investment Committee to pause and take time to consider before making its selection. There was discussion around this point.

Trustee Klein indicated manager selection can be more important in selecting private investments managers, for example, and it is less so with public equity managers. She said the expectation is that all candidates presented by the investment consultant should be qualified to manage. Counsel Dunning noted the fiduciary role of the Board and that some functions are appropriate for delegation, including rebalancing. Trustee Gladstern proposed looking back to see how manager selection worked out given the performance of the different candidates.

Mr. Wickman noted there is a regular schedule for managers to provide portfolio reviews. The consultant tracks portfolio performance and personnel issues regularly, and the Watchlist is reviewed annually to determine the status of managers. The Finance and Risk Management Committee reviews investment manager fees, capital calls and distributions, and rebalanced funds on a quarterly basis. Furthermore, the financial auditor tests the value of investments during the annual financial audit.

The Administrator discussed staff's role, which includes working with Counsel on investment agreements or side letters in which MCERA gets Most Favored Nation provisions. Staff collects and reviews placement agent representations and Forms 700 to look for potential conflicts. Also, performance reports, capital calls and distributions, and manager commentary are reviewed. Staff is informed of manager personnel changes, and monitors daily cash needs. In addition, staff reviews holdings and proxy voting matters of interest. Two law firms monitor securities litigation for MCERA, and custodian State Street Bank files claims on MCERA's behalf when indicated. Mr. Wickman also meets separately with managers who are in the Bay Area, and generally invites the Investment Committee Chair to join these meetings.

Trustee Silberstein asked about the administration of One McInnis Parkway and why the decision was made to sell MCERA's separately held real estate portfolio. Mr. Wickman explained that the Board decided to sell the buildings that were separately held in the portfolio at a time when the property values were high. The Administrator explained that the Board was the fiduciary for the individual properties which created an additional level of responsibility. As a result the Board decided the timing was best to sell all the properties with the exception of One McInnis Parkway.

For consideration at July Board meeting

Chair Werby recessed the meeting for a break at 9:56 a.m., reconvening at 10:03 a.m.

10:00 a.m. – 11:00 a.m.

MCERA Investment Beliefs: Review and Discussion

Jeff Wickman, Retirement Administrator

Mr. Wickman said in 2015 the Board directed staff to develop a Statement of Investment Beliefs to help provide for how and why the Board invests the trust fund assets. The initial draft of Investment Beliefs was presented to the Governance Committee for review and comment. The final version of the Investment Beliefs were adopted by the Investment Committee on June 9, 2016.

The Administrator reviewed and commented on the eight Investment Beliefs. (1) Liabilities must influence the asset structure. (2) A long time investment horizon is an advantage. Mr. Wickman pointed out that the Plan is mature and demographics drive the cost of funding the Plan. (3) Investment decisions may reflect wider stakeholder views. (4) Governance is the primary tool to align interests between MCERA and investment managers. Mr. Wickman noted the Board has engaged with managers on proxy voting through the Governance Committee. (5) Strategic asset allocation is the dominant determinant of portfolio risk and return. (6) Risk is only to be taken where there is a strong belief it will be rewarded. (7) Costs matter and need to be effectively managed. Mr. Wickman noted investment costs are reviewed by the Finance and Risk Management Committee. (8) Risk to MCERA is multi-faceted and not fully captured through measures such as volatility or tracking error. Each Belief is further defined by sub-beliefs.

Mr. Wickman stated the Fund is in a strong position from a funding standpoint, noting the Board has taken a conservative and prudent approach to funding the Plan. The Board has plenary authority over investments which it needs to diversify, making sure to maximize risk-adjusted investment returns so that funds are there to pay the benefits. Mr. Wickman suggested the Board consider if the Investment Beliefs are still relevant or should be reviewed by the Governance Committee.

Trustee Klein asked Counsel if the sub-beliefs are appropriate for the Board's fiduciary role. Counsel Dunning replied the Beliefs are all framed within the Board's fiduciary role and must be consistent with the duty to members and beneficiaries to pay their MCERA benefits on time.

Trustee Vasquez said he has seen environmental-social-governance (ESG) go from the discretion of portfolio managers to what is now a full-blown subindustry where everything is considered ESG. He indicated there is a need at some point for an understanding of harmonized ESG standards and considering what the criteria or broad principles would be. He suggested such standards be used in a good-faith upgrade to the Investment Beliefs. Counsel Dunning said the Investment Beliefs are a strong document. Trustee Vasquez suggested the update could use a layered approach to integrate a more rigorous depiction of ESG standards. Trustee Silberstein added investors should be concerned about broader contexts for achieving returns and the guidelines are flexible enough to deal with that.

Trustee Silberstein noted one risk to consider is if Marin County were to change its policies and not have enough revenue to pay contributions. He pointed to a trend to use independent contractors that would result in fewer employees making pension contributions. Mr. Wickman said some CERL systems have adopted a declining payroll policy or termination policy when an

For consideration at July Board meeting

employer plans to reduce its workforce, but he also noted that he has not observed this as being an issue for MCERA employers.

Trustee Gladstern asked about workforce housing as an investment, noting that now only half of employees live in Marin County. Counsel Dunning said the housing of MCERA's workforce is not what the Board should focus on when investing trust fund assets, noting the trust purpose is to earn enough money to pay retirement benefits. Mr. Wickman said he is not aware of other CERL systems looking into employee housing.

Trustee Klein said specific details would not need to be included in the Investment Beliefs since they change over time. Trustee Silberstein agreed, noting divestment is the issue that comes up which the Statement of Investment Policy Regarding Divestment addresses. Trustee Vasquez said research suggests that tradeoff within the broader ESG space is becoming less prevalent, so the prism is not completely clear with respect to the fiduciary obligation. Mr. Wickman noted the Investment Beliefs advocate being an asset owner as a good position to be in from a policy standpoint.

Closing and Follow-up Items from Today's Agenda

11:00 a.m. – 11:30 a.m.

No discussion.

There being no further business, Chair Werby adjourned the meeting at 10:49 a.m.

Todd Werby, Meeting Chair

Laurie Murphy, Secretary

For consideration at July Board meeting

MINUTES

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

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

June 14, 2023 – 9:00 a.m.

This meeting was held at the address listed above and, absent technological disruption, was accessible via videoconference and conducted in accordance with Government Code section 54953 and 54954.2.

CALL TO ORDER

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

ROLL CALL

PRESENT: Cooper, Gladstern, Murphy, Poole, Silberstein, Vasquez, Werby, Jones (alternate retired), Shaw (ex officio alternate)

ABSENT: Klein, Martinovich, Gullett (alternate safety)

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

No discussion.

MINUTES

It was M/S Werby/Gladstern to approve the May 3, 2023 Board Meeting Minutes with Trustee Vasquez's corrections to his comments on educational events. The motion passed by a vote of 8-0 as follows:

AYES: Cooper, Gladstern, Murphy, Poole, Shaw, Silberstein, Vasquez, Werby

NOES: None

ABSTAIN: None

ABSENT: Klein, Martinovich

For consideration at July 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. BOARD OF RETIREMENT MATTERS

1. Administrator's Report

a. Administrator's Update

Retirement Administrator Jeff Wickman welcomed new General Member Kelsey Poole to the Board.

This evening the Administrator will be meeting with the Marin/Sonoma Mosquito Vector Control District Board to provide his annual MCERA update.

Work is underway on a potential lease for Suite 150.

b. Staffing Update

Mr. Wickman reported Assistant Retirement Administrator Michelle Hardesty is leaving after twelve years with MCERA. He stated her tenure included implementation of the new benefit management system, a significant accomplishment that is now the backbone of MCERA's business. Ms. Hardesty contributed to the decision-making process and provided valuable organizational skills. Trustee Gladstern said Ms. Hardesty was the best candidate for the position and wished her good luck. Trustee Shaw and Chair Murphy thanked her for being a good partner with the Department of Finance and for her responsiveness, respectively. Ms. Hardesty said it has been an honor to work for the Retirement Board and with the staff.

An offer for the vacant Chief Financial Officer position has been made.

The recruitment for a Retirement Benefits Technician is complete with an offer made to Syd Fowler.

c. Facility Use Report

The Marin County Association of Retired Employees Board used the Executive Conference room last week.

For consideration at July Board meeting

d. Future Meetings

- June 20, 2023 Audit Committee
- June 21, 2023 Investment Committee
- July 12, 2023 Board

2. Standing Committee Report – Finance and Risk Management Committee

a. Administrative Budget Fiscal Year 2022/23 Quarterly Review

Consider and review expenses for the quarter ending March 31, 2023

Finance and Risk Management Committee Chair Todd Werby reported total expenditures through the 3rd quarter were 61% of the budgeted amount. Total Salaries and Benefits were 23% for the quarter and 62% for the fiscal year. Services and Supplies were 61% of the budgeted amount for the fiscal year.

b. Non-budgeted Expenses

Consider and review non-budgeted expenses for the quarter

See Committee Minutes.

c. Quarterly Checklist

Consider, review and updates on the following:

1. Other expenses per Checklist Guidelines

See Committee Minutes.

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

See discussion above.

3. MCERA educational and event-related expenses

Conference attendance is increasing as we come out of COVID restrictions.

4. Continuing Trustee Education Log

The Continuing Trustee Education Log shows trustees are meeting the 2-year requirement.

5. Internal controls, compliance activities and capital calls

For the private equity program MCERA received nearly \$24 million in distributions and paid \$6.4 million in capital calls through the third quarter of the fiscal year. Credit managers CarVal and Fortress capital calls totaled \$7.6 million and Varde distributed \$6.3 for the fiscal year to date. Since March 31, 2023 MCERA has received total distributions of about \$9.6 million and paid capital calls of about \$2.6 million.

For consideration at July Board meeting

6. Vendor services provided to MCERA

Nothing to report.

7. MCERA staffing status

Interviews of candidates for the Chief Financial Officer and an offer for the Retirement Benefits Technician position were expected shortly.

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

Nothing to report.

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

Nothing additional to report.

10. Form 700 Summary

The Form 700 Summary showed no holdings or gift issues for staff, trustees or consultants.

d. Administrative Budget for Fiscal Year 2023/24 (ACTION)

Consider and take possible action on Finance and Risk Management Committee recommendation to adopt Administrative Budget for Fiscal Year 2023/24

Salaries and Benefits are the single largest portion of the proposed budget (65%). Salaries and Benefits will increase in 2023/24 due to a 3% cost of living increase for employees in July 2023 and funding the Retirement Manager position that had been previously used to underfill one of the Retirement Benefit Supervisor positions. Services and Supplies increase slightly from the prior fiscal year.

The proposed Administrative Budget for Fiscal Year 2023/24 is \$4.98 million. The legislated limit for the Administrative Budget is 21 basis points of the total Plan liability, or \$6.98 million.

Finance and Risk Management Committee Chair Werby stated the Finance and Risk Management Committee recommends that the Board adopt the proposed Administrative Budget for Fiscal Year 2023/24 as submitted. The motion passed by a vote of 8-0 as follows:

AYES: Cooper, Gladstern, Murphy, Poole, Shaw, Silberstein, Vasquez, Werby
NOES: None
ABSTAIN: None
ABSENT: Klein, Martinovich

For consideration at July Board meeting

e. MCERA Insurance Review

Review, discuss and consider MCERA's insurance coverage

The Committee received an attorney-client privileged memorandum on insurance coverage. Jim Vorhis of Nossaman said MCERA has good, broad insurance coverage and noted insurance policies are becoming more expensive. The decreasing limits and increasing premiums for cyber coverage are beginning to level out. The renewal for property insurance is increasing due to more property claims, and may be worth exploring.

f. Annual Audit of Financial Statements Update

Update on annual audit process

See Committee minutes.

3. Trustee Comments

a. Educational Training: Reports by Trustees and Staff

Chair Murphy reported the CalAPRS Trustee Round Table was an in-depth look at asset allocation, the prime driver of investment return. Differences among investment policy guidelines were discussed. Approaches to asset allocation include the Norwegian Model of 60% equities and 40% bonds, the Endowment Model with more private alternative investments, the Canadian model focusing on opportunity cost across investment classes, and the total portfolio approach using a risk budget and benchmark reflecting the need of clients. Consultant advice to Boards on asset allocation includes employing a liquidity analysis and monitoring complex asset classes. Also recommended are quarterly capital market projections, an asset/liability study every three to five years, and tactical asset allocation based on near term conditions that is within the strategic asset allocation. To determine the desired asset allocation, one peer system begins with comparing a 70-30 portfolio with other allocations. This is then narrowed down to a handful of portfolios for additional analysis, including evaluating relative risks and returns.

Several trustees shared takeaways from the Spring SACRS Conference. Trustee Werby reported David Adelman, former Ambassador to Singapore, described the dramatic urbanization of China as people moved off farms in an attempt to create a more vibrant consumer economy. Mr. Adelman highlighted three potential flash points of Taiwan, North Korea and the South China Seas. Conflict in those areas would threaten economic growth. Chair Murphy recalled Mr. Adelman saying China's economic growth has not translated to stock market returns and demographics may further restrict the economy. Trustee Cooper referenced the speaker's unique and refreshing on book on the history of conflict, noting Mr. Adelman indicated there may be no change in the politics of North Korea or Taiwan.

Chair Murphy reported the Girls Who Invest session highlighted the under-representation of women in the investment business. To cure this a summer program for university students offers paid internships at a leading investment firm.

For consideration at July Board meeting

Trustee Werby discussed the session on private credit versus fixed income and private equity versus public equity. Private credit has higher yield, more risk and is difficult to value. A secondary market is emerging, but the ability to source deals is critical. The rising cost of capital has hurt private equity, but double-digit growth is expected. Trustee Werby said takeaways from the session on geopolitics include that Poland may be our best NATO ally, China will use intimidation to make the U.S. back off Taiwan, and conflicts are usually the result of miscalculation by the aggressor.

Reporting on the session on the economy, Trustee Werby said it was pointed out the Ukraine conflict resulted in unexpected inflation and high interest rates that have affected real estate. This led to stress in the banking system regarding new transactions. Suburban offices are leading the distress in real estate. Given excess retail capacity, no new malls are planned. The economy is returning to business and leisure travel. Millennials are starting families and looking for real estate, and baby boomers are not downsizing which constrains supply. Chair Murphy added there is a two-year delay in building multi-family homes and incentives may be needed to entice workers back to the office.

Trustee Cooper said he enjoyed the SACRS Conference which he encouraged the trustees to attend in the spring and fall. He said SACRS is good at providing trustee education and networking among other county retirement system trustees.

Chair Murphy reported on the session Examining the Experiences of Public Pension plans since the Great Recession. During that downturn losses were around 25%, and most public pension plans recovered after 6 years. As a result, many plans made significant changes to economic assumptions. In addition, some plans adopted shorter amortization periods that although increased plan costs, should strengthen plans' financial position in the future.

b. Other Comments

Trustee Silberstein encouraged trustees to attend the September CII Conference in Long Beach that centers on corporate governance. He suggested that MCERA communicate its recent proxy voting changes on executive pay to other CII members using their Listserv. Mr. Wickman offered to compose such a communication at the direction of the Board. Trustee Gladstern said it would be good to let others know what MCERA's governance practices are, and Trustee Vasquez voiced his support. Mr. Wickman accepted this direction and will follow up.

For consideration at July Board meeting

C. NEW BUSINESS

1. Future Meetings

Consider and discuss agenda items for future meetings

No discussion.

D. OTHER INFORMATION

1. Training Calendar (ACTION)

Mr. Wickman presented the monthly Training Calendar updated with nine new events: three sponsored by Callan, NCPERS Public Pension Funding Forum, Nossaman Fiduciaries' Forum, Wharton Investment Strategies and Portfolio Management course, and for 2024 the CalAPRS General Assembly and CII Conference. He will attend the Administrators' Round Table next week. Trustees Martinovich and Vasquez will attend the SACRS investment course at U.C. Berkeley. In the fall, Trustee Vasquez will also attend the CII Conference and Nossaman Fiduciaries' Forum. Trustee Poole will be taking the Callan Introduction to Investments course.

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

AYES: Cooper, Gladstern, Murphy, Poole, Shaw, Silberstein, Vasquez, Werby
NOES: None
ABSTAIN: None
ABSENT: Klein, Martinovich

E. CONSENT CALENDAR (ACTION)

Mr. Wickman presented the monthly Consent Calendar, highlighting a refund of employee contributions to a beneficiary.

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

AYES: Cooper, Gladstern, Murphy, Poole, Shaw, Silberstein, Vasquez, Werby
NOES: None
ABSTAIN: None
ABSENT: Klein, Martinovich

CONSENT CALENDAR

MCERA BOARD MEETING, WEDNESDAY, JUNE 14, 2023

MAY 2023

RETURN OF CONTRIBUTIONS			
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Don Dumford	Full Refund - Termination	\$	10,098.50
Meshanette Johnson-Sims	Full Refund - Termination	\$	31,974.44
Britten Smith	Full Refund - Active Death of Robert Smith	\$	156,875.17

BUYBACKS			
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Sarah Broderick		\$	772.83
Matthew Lucchesi		\$	10,691.65
Nicole McKnight		\$	48,651.77
William Reid		\$	7,378.85
Laila Salaam		\$	3,500.00

NEW RETIREES	
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Bryna Holland	County of Marin - Public Defender
Laurie Lewis	County of Marin - Health & Human Services
Ana Hilda Mosher	County of Marin - Community Development
Deborah Moss	County of Marin - Health & Human Services
Leticia Navarrete	County of Marin - Public Works

DECEASED RETIREES	
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Sandra Blauvelt	County of Marin - Board of Supervisors
George Boghosian	County of Marin - Health & Human Services
Joseph Doherty	County of Marin - Probation
Dolores Dressel	City of San Rafael - Beneficiary
Joel Martinez	County of Marin - DRO
Barbara Sussman	County of Marin - Probation
Celestina Sumagaysay	County of Marin - Health & Human Services
Zelma Victorino	County of Marin - Beneficiary

There being no further business, Chair Murphy adjourned the meeting at 10:04 a.m.

Laurie Murphy, Board Chair

Maya Gladstern, Secretary

For consideration at July Board meeting

MINUTES

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

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

June 21, 2023 – 9:00 a.m.

This meeting was held at the address listed above and, absent technological disruption, was accessible via videoconference and conducted in accordance with Government Code section 54953 and 54954.2 through December 31, 2025.

CALL TO ORDER

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

ROLL CALL

PRESENT: Cooper, Gladstern, Klein, Martinovich, Murphy, Poole, Silberstein, Vasquez, Werby, Shaw (ex officio alternate)

ABSENT: Gullett (alternate safety), Jones (alternate retired)

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

No Board members requested to teleconference.

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, stated MCERA's fixed income portfolio is targeted to 23% of the Fund. Wellington Management Company and Western Asset Management manage equal portions, and their core plus mandates provide for the ability to invest in non-Bloomberg Aggregate Index securities. Artisan was asked to come back to give an update on the international growth portfolio.

2. Wellington Management – Fixed Income – Anand Dharan, Molly Conway

TIME CERTAIN: 9:05 a.m.

Molly Conway, Vice President and Relationship Manager with Wellington Management Company (Wellington), stated Wellington is organized as a collection of boutique investments operating autonomously, each having access to the firm's broad resources. Ms. Conway introduced Anand Dharan, Investment Director, to present the Core Bond Plus portfolio review.

Mr. Dharan stated the Core Bond Plus strategy is focused primarily on U.S. dollar denominated, investment-grade securities, with the flexibility to invest in non-investment-grade or non-U.S. dollar securities. Mr. Dharan said coming into 2022, the team was confident the markets were under-engaged with the stickiness of inflation. Therefore, the portfolio was defensively positioned, with an underweight to duration and reduced exposure to various credit sectors. In the middle of 2022 as the Fed hiked rates, the team pivoted to a meaningful underweight to duration and maintained this throughout the remainder of 2022. This year the team has been extending duration in the middle part of the yield curve. Also, over the past six months the team has been reducing both non-U.S. dollar and non-investment grade sectors. Over the twelve months ending May 31, 2023, duration positioning and security selection contributed to performance.

Mr. Dharan said within investment-grade credit the portfolio has benefited from rotating into sectors like utilities and large, money-center banks. An overweight to non-agency Residential Mortgage-Backed Securities (RMBS) detracted from performance due to rate exposure and extended average lives for the holdings.

Trustee Werby asked about prepayments and Mr. Dharan replied many borrowers have non-economic reasons to prepay. Trustee Vasquez inquired if the interest rate environment is leading to more turnover and therefore rising costs. Mr. Dharan replied turnover is about 50% to 75% of the portfolio per year, and was higher than average from 2020 through 2022. Going forward in the short term turnover may still be higher than average due to market inefficiencies and security selection opportunities. The team is always sensitive to transaction costs and takes advantage of centralized trading to lower transaction costs and access better quotes.

Chair Klein noted the long end of the yield curve looks stuck and asked if that is due to too much duration in the market from agency mortgage-backed securities (MBS). In response, Mr. Dharan attributed this not to extended mortgages but the Federal Reserve (Fed)

starting to sell mortgages and the FDIC conducting mortgage auctions. In addition, non-U.S. demand for duration is still meaningfully high and corporate pension plans are de-risking. Trustee Poole asked why Wellington is predicting a recession. In response, Mr. Dharan explained a recession is likely due to considerable tightening of financial conditions and the rise in real interest rates in a short period of time. These conditions meaning aggregate demand has room to come down. Other reasons he cited are leading indicators such as consumers depleting savings, unemployment claims moving up, and consumers trading down in quality. He pointed out the transmission mechanism for Fed monetary policy is through a more conservative banking system with regards to lending.

Trustee Werby asked if there are problems with commercial real estate. In response, Mr. Dharan said there may be more pain to come, as idiosyncratic defaults in malls and motels make lenders even more conservative. At the same time, he said, the outlook is location-specific for real estate.

3. Western Asset Management – Fixed Income – Frances Coombes, Julien Scholnick
TIME CERTAIN: 9:35 a.m.

Frances Coombes, Client Service Executive with Western Asset Management, noted the portfolio strategy recently transitioned from intermediate credit to core plus. She indicated since the end of 2022 with inflation trending down conditions are normalizing, which favors performance. Ms. Coombes introduced Julien Scholnick, Portfolio Manager, to present the portfolio review.

Trustee Cooper joined the meeting at 9:43 a.m.

Mr. Scholnick stated inflation was the driver of the credit markets in the first ten months of 2022. This changed in the 4th quarter of 2022 as softening data led to an inflection point for the credit markets. Subsequently, the portfolio was positioned in a longer duration stance. In 2023 positive momentum would continue, with inflation on a downward trajectory on both a U.S. and global basis. Mr. Scholnick said these conditions could lead central bankers to a more moderate approach than they had in 2022. In addition, China lifted some of its pandemic-era restrictions. This set of conditions is relatively supportive of corporate credit and longer duration.

Mr. Scholnick discussed performance attribution and portfolio positioning as of May 31, 2023. He said less exposure to the front end of the yield curve contributed to performance, noting the yield curve has steepened somewhat. Agency mortgages in high-quality sectors were a small positive for performance. Within the Commercial Mortgage-Backed Securities (CMBS) sector, the team found value in sub-sectors such as leisure hotels and industrial distribution centers. High-yield credit has contributed to performance and is being reduced along with bank loans. Similarly, emerging markets positions which had contributed to performance have been trimmed. The portfolio is overweight the benchmark in agency MBS and investment-grade credit. The yield curve position relative to the benchmark is more balanced and closer to neutral, while continuing to run

overweight to the long end of the curve. This overweight will gradually be trimmed because of the relatively hawkish Fed.

Trustee Vasquez asked if the relative outperformance of emerging market debt in Mexico is expected to continue. Mr. Scholnick said from a macro standpoint emerging markets should do well, including Mexico. Mr. Scholnick noted the team is targeting more liquid, higher quality emerging market countries.

In conclusion, Mr. Scholnick said going forward the market is expecting rate cuts and a steeper yield curve in 2024. There is a concern that the Fed may continue to react to data points and hike rates, which would be destabilizing for the credit markets. The portfolio has a modest overweight to duration for the balance of 2023. Trustee Werby asked if the prediction of avoiding a recession still holds. In response, Mr. Scholnick indicated the investment thesis has not changed in the last three months. He did note that the labor market reflects some softening, and consumer savings are being drawn down. On the plus side, he expects healthy corporate revenues and a relatively healthy real estate market.

4. Artisan Partners – International Growth Equity – Sean Howley, Brett Meyer
TIME CERTAIN: 10:05 a.m.

Sean Howley, Managing Director with Artisan Partners, introduced Brett Meyer, Chief Operating Officer of the Global Equity Team, who began the portfolio review. Mr. Meyer stated Mark Yockey remains the driving force of the Global Equity Team. Michael Luciano has joined Artisan as Associate Portfolio Manager focusing on the consumer and financial sectors. The Investment Portfolio Committee meets quarterly to review asset allocation and attribution and to broaden out the decision-making process. The team has added health care expertise and employs a fundamental, bottom-up approach to select investments.

Characteristics sought for potential investments include high quality with sustainable growth. Since the value reversal following the pandemic, it has been a difficult and challenging environment for the growth portfolio to outperform. Mr. Meyer said as interest rates normalize it will be a better environment for the strategy.

Mr. Howley reported resilience in the luxury sector is driving consumption. In the health care sector, the team is looking for de-risked opportunities in biotechnology. Two areas of focus are diabetes and cancer drugs with significant long-term revenue potential and breakthrough technologies. Within the environmental theme, the team looks for exposure to growth companies with pricing power and clean energy technologies with subsidies and tax credits. In Europe the Green Deal is another tail wind for environmental themes. Within the financial sector, the team increased its position in UBS subsequent to its takeover of Credit Suisse and exited positions in other European banks.

Trustee Klein asked about Amazon being added to the international portfolio. In response, Mr. Howley explained Amazon is a unique global e-commerce corporation with overseas revenue growth. Trustee Murphy asked about Amazon being in the bottom level of firms

For consideration at July Board meeting

contributing to returns. In response Mr. Howley said the team added more Amazon shares to the portfolio at lower price levels and it has since rallied.

C. NEW BUSINESS

1. Investment Manager Personnel Update – AEW Capital Management

Anne Heaphy, Senior Vice President with Callan, reported Dan Bradley, a senior portfolio manager for the AEW Core Property Trust, will retire at the end of 2023. A succession plan has been in place for some time for senior portfolio managers Lily Kao and Sara Cassidy to step in for Mr. Bradley. Callan will continue to monitor the team and fund.

2. Investment Manager Update – Fortress Investment Management Group LLC

Ms. Heaphy reported that Fortress Investment Group and Mubadala Capital, the asset management subsidiary of the United Arab Emirates sovereign fund, have entered into an agreement to acquire SoftBank's 90% equity stake in Fortress. Fortress management will own up to 30% and have majority control of the board of directors, and Mubadala will own the remaining 70% with two representatives on the board. Fortress will continue to operate autonomously. Callan recommended that MCERA agree to the consent request to the change in the legal agreement. Mr. Wickman said the consent request has been reviewed by counsel and no issues were identified with the request. Mr. Wickman stated he would be submitting the consent request after today's meeting.

3. International Equity Structure – Jim Callahan, Callan LLC Consider and discuss international equity allocation

Mr. Callahan discussed the international equity structure as a follow-up to its review at the January 2023 Investment Committee meeting. The current international portfolio has four active managers. Artisan and Morgan Stanley focus on developed growth and value markets, respectively. The non-U.S. small cap portfolio is managed by TimesSquare, and Fidelity Institutional Asset Management (FIAM) manages the emerging markets portfolio. Trustee Gladstern noted Artisan has been on the Watchlist since 2017. In response, Mr. Callahan noted in 2022 the international portfolio underperformed. Recent performance for Artisan has rebounded and the portfolio has added value to the Fund over time. Mr. Callahan pointed out the Artisan portfolio investment thesis is consistent with what was expected and the investment team is stable. He noted its performance tends to be cyclical. Trustee Vasquez asked about the reasons for underperformance. Mr. Callahan replied the Artisan portfolio characteristics look different from the growth universe in non-U.S. equities, with a notable underweight to technology and overweight to financials.

Mr. Callahan stated Artisan growth and Morgan Stanley value portfolios were designed purposefully to be neutral to the benchmark. A style map shows the international equity portfolio has more of a growth orientation relative to the index. Mr. Callahan said growth and value go in and out of favor, and this year growth has rebounded. Over time collectively the international managers have performed well, he said.

For consideration at July Board meeting

Mr. Callahan presented four options for the international equity allocation. The first is to leave the allocation as is. The second option is to add some passive exposure. The third option is to replace Morgan Stanley with a more traditional non-U.S. value manager, and the fourth option is to replace Artisan.

Trustee Murphy asked about Artisan being on the Watchlist for so long. In response Mr. Callahan reviewed Artisan's performance. Beginning in 2014 Artisan had a relatively good year, and underperformed in 2015 and 2016. During 2017, 2018 and 2019, Artisan outperformed significantly. Then, in 2020, 2021, and 2022 started to underperform. Mr. Callahan explained that underperformance for a few years is not a good reason to dismiss a manager.

Chair Klein said compared with other managers Artisan's returns do not look good. Mr. Callahan agreed that relative to their growth peers, Artisan looks different and positioning has detracted. Mr. Callahan said Artisan's risk relative to peers is high, but over the long term, Artisan has performed well. Trustee Vasquez said due to multiple cycles with periods of underperformance, he prefers to consider a replacement for Artisan. Mr. Callahan observed that over 20 ¼ years Artisan has added value net of fees relative to the index. Secondly, the problem with doing a search now is other managers will all look better. Mr. Callahan stated investors have to be willing to have a long-term view, and he highlighted the importance of consistency of strategy over time.

Trustee Poole asked for more information regarding the analysis of the international portfolio. In response, Mr. Callahan explained there are two different discussions, the first being how the four international managers work together, and a second discussion about Artisan specifically. He said there is a growth tilt to the international portfolio collectively. She noted Artisan has been on the Watchlist for seven years. Mr. Callahan explained Artisan is on the Watchlist due to trailing performance relative to the index and to peers. He noted portfolios can come and go from the Watchlist from quarter to quarter, and the Committee formally reviews the Watchlist annually in December. Trustee Murphy asked about performance over time versus peers. Mr. Wickman noted that this information is contained in the Callan Quarterly Investment Report. Trustee Murphy asked if the value/growth balance should be 50/50 or if one performs better over time than the other. In response, Mr. Callahan showed a long-term chart of growth and value performance patterns that are cyclical. Mr. Callahan noted the style bias could be reduced or eliminated.

Mr. Wickman noted securities held by Artisan are held in other portfolios. Mr. Wickman noted this agenda item is the follow-up the Committee request from the discussion that occurred in January.

Chair Klein suggested either replacing Artisan or adding a passive international equity sleeve, which Trustee Vasquez supported. Mr. Callahan noted active management has added value to the Fund, but he could support a passive sleeve. Trustee Silberstein echoed his sentiment.

For consideration at July Board meeting

Mr. Wickman accepted direction to have Callan conduct a search for a passive international equity investment vehicle and to bring back recommendations to the Committee for appropriate allocations for each international equity vehicle.

4. Future Meetings

Trustee Silberstein suggested that the Committee have a discussion about reducing the allocation to fixed income.

D. INVESTMENT CONSULTANT QUARTERLY REPORT

1. Summary Report as of March 31, 2023

Mr. Callahan presented the Summary Report for the quarter ending March 31, 2023. He reported during this quarter equities performed well and growth outperformed value, a reversal from 2022. Non-U.S. developed equities performed well in the quarter, but small cap equities meaningfully underperformed. In 2023 fixed income yields are coming down but returns are negative. There are continued write-downs in real estate and private equity sectors.

During the quarter the S&P 500 gained 7.5% and the equity markets have continued to do well in the 2nd quarter of calendar year 2023. Mr. Callahan reported the Fund value as of March 31, 2023 was just over \$3 billion. The Fund is underweight to both domestic and international public equities and underweight to private equity, which was above target as of December 2022. Opportunistic managers represent 1.9% of the Fund at \$58,158,000.

As of March 31, 2023 the Fund returned 4.1% net of fees for the quarter. For the trailing 12 months period the Fund underperformed the peer group, but ranks favorably over the long term. The Fund's fiscal year-to-date return is 4%. The U.S. equity portfolio underperformed the index during the quarter but outperformed over the trailing 12 months. The Dimensional Fund Advisors (DFA) small cap core portfolio has added to performance over three years. The international portfolio outperformed the index for the quarter and trailing 12 months, notably the TimesSquare small cap portfolio. Mr. Callahan noted over one year Artisan has rebounded and ranks favorably with peers.

The fixed income portfolio outperformed during the quarter. In the real estate portfolio valuations are down for the quarter, notably for the UBS Trumbull Property Fund, as office space is written down. The public real assets portfolio was up 2.75% for the quarter, with good absolute and relative performance. Mr. Callahan highlighted the Invesco commodities and Kleinwort Benson Investments global resources portfolios for their outperformance.

As of December 31, 2022, the private equity portfolio is 91% Paid-In of \$450 million committed. The Distributions to Paid-In Capital (DPI) ratio is 1.12x and the remaining Net Asset Value is \$354.7 million. The Total Value to Paid-In Capital (TVPI) is 2x, ranking this portfolio in the second quartile of the Thomson-Cambridge Private Equity Database. As of March 31, 2023 in the Opportunistic portfolio, about 60% of \$100 million in committed capital is paid in. Mr. Callahan noted MCERA has received some

For consideration at July Board meeting

distributions. He reported during the quarter the Värde portfolio Net Asset Value was written down.

a. Flash Performance Update as of May 30, 2023

Mr. Callahan presented a Fund performance update as of May 30, 2023. For the fiscal year to date, domestic equities returned 10.1%. International equities returned 9.8%, outperforming the index, and the fixed income performance is trailing the benchmark due to the Colchester drag (the Colchester global bonds portfolio has been removed from the Fund). Public real assets active managers added value relative to respective benchmarks. Real estate and private equity valuations are preliminary. The preliminary Total Fund return for the fiscal year to date is 2.7%.

There being no further business, Chair Klein adjourned the meeting at 12:20 p.m.

Sara Klein
Investment Committee Chair

Attest:
Jeff Wickman, Retirement Administrator

B.1 Administrator's Report

This is a discussion with no backup.



Marin County Employees' Retirement Association

Scope of Services Presentation – Proposed Audit Plan to the Audit Committee for the Fiscal Year Ended June 30, 2023

Brown Armstrong Accountancy Corporation

4200 Truxtun Avenue, Suite 300, Bakersfield, CA 93309

Telephone: (661) 324-4971 Fax: (661) 324-4997 www.ba.cpa

Contact: Andrew J. Paulden, CPA | apaulden@ba.cpa

Neeraj Datta, CPA, CGMA | ndatta@ba.cpa



June 20th, 2023

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

We are pleased to have the opportunity to present to you our plan for the audit of Marin County Employees' Retirement Association (MCERA) for the fiscal year ended June 30, 2023.

This presentation has been prepared to discuss the scope of the audit.

We look forward to presenting this information, addressing your questions, and discussing any other matters of interest to the management of MCERA and the Audit Committee.

Sincerely,

Andrew J. Paulden, CPA
Managing/Quality Control Partner

Neeraj Datta, CPA, CGMA
Audit Engagement Partner

Brown Armstrong Accountancy Corporation

Contents

	Page
➤ Summary	4
➤ The Engagement Team	5
➤ 2023 Audit Timeline/Critical Dates List	6
➤ Our Audit Objectives	9
➤ Audit Strategy	10
➤ Audit Areas of Focus	11
➤ Reports Expected to be Issued	13
➤ Implementation of New Accounting Pronouncements if Applicable to MCERA for the June 30, 2023 Audit	14
➤ Future Accounting Pronouncements	15
➤ Questions	16

Summary

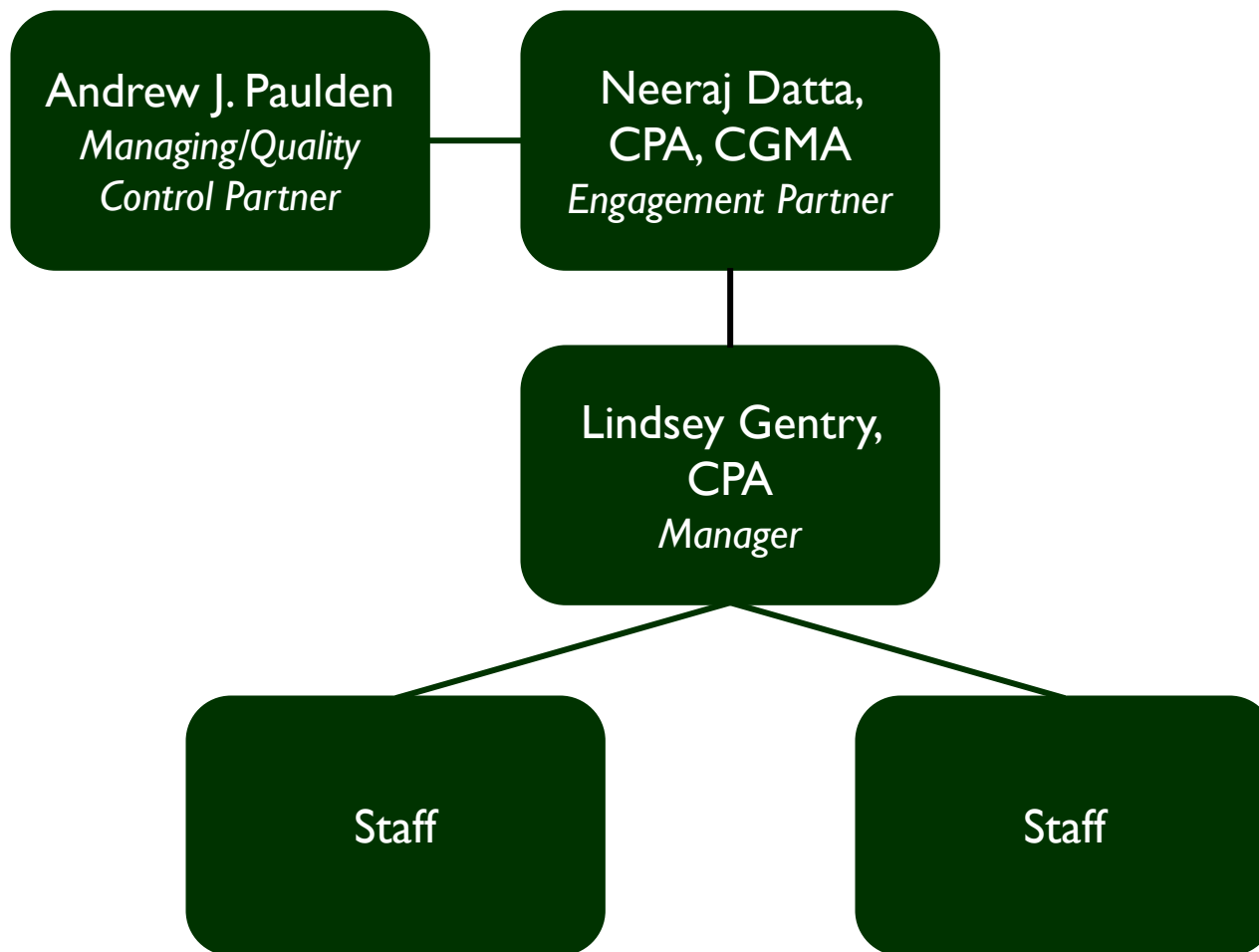
This presentation outlines our audit strategy and approach for the June 30, 2023 audit of MCERA and gives the Audit Committee the opportunity to review, discuss, and comment on our plan.

This presentation provides:

- The engagement team and the proposed audit timeline.
- An overview of our audit approach.
- Plan for continuous, two-way communication and reporting to the Audit Committee and management.
- Management's responsibilities in relation to the audit.
- The reports that will be issued.

Some modifications of the scope of our plan may be required as we execute our audit. We will advise the Audit Committee of any significant changes.

The Engagement Team



2023 Audit Timeline/Critical Dates List

Item	Due Date
PLANNING:	
AUDITOR to provide MCERA with the Interim Information Request	Friday, July 14, 2023
MCERA to provide requested participant populations to AUDITOR	Friday, July 21, 2023
AUDITOR to provide participant samples to MCERA	Wednesday, July 26, 2023
MCERA to return Actuary and Employer Payroll confirmations to AUDITOR for mailing	Wednesday, August 2, 2023
MCERA to provide AUDITOR with March 31, 2023 Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position	Monday, August 21, 2023
MCERA to provide updates to walkthroughs for significant transaction classes	Monday, August 21, 2023
AUDITOR to send out second requests for Actuary and Employer Payroll confirmations	Monday, August 21, 2023
INTERIM FIELDWORK:	
Beginning of Interim Fieldwork. Please have all interim information requested provided to us by this date in <u>electronic</u> format.	Monday, August 28, 2023
(Optional) Interim Exit Meeting with MCERA management	Friday, September 1, 2023
AUDITOR to provide MCERA with Year-End Information Request	Friday, September 1, 2023
Custodian, Investment Consultant, Investment Manager, Real Estate, Private Equity, Legal, and Securities Lending, Cash, and Contributions confirmations returned to AUDITOR for mailing	Friday, September 8, 2023

2023 Audit Timeline/Critical Dates List ^{B.2.a & b.}

(continued)

Item	Due Date
FINAL FIELDWORK PLANNING:	
Confirmation replies due to the AUDITOR for all confirmations	Monday, October 2, 2023
MCERA to provide 6/30/2023 Trial Balance in electronic format and draft of Statement of Fiduciary Net Position and Statement Changes to AUDITOR and Actuary	Monday, October 2, 2023
Beginning of final fieldwork set up at Brown Armstrong's offices. Please provide all final information requested provided to us by this date in <u>electronic</u> format.	Monday, October 9, 2023
FINAL FIELDWORK:	
Beginning of Final Fieldwork	Monday, October 16, 2023
AUDITOR to approve release of final values to the Actuary (REQUIRED)	Friday, October 20, 2023
AUDIT WRAP-UP & PRESENTATION:	
MCERA to provide AUDITOR with draft of financial statements, including MD&A and Notes	Friday, October 20, 2023
AUDITOR to provide suggested changes or revisions to financial statements	Friday, October 27, 2023
MCERA to provide AUDITOR with updated draft of financial statements	Friday, November 3, 2023
AUDITOR to provide suggested changes or revisions to financial statements	Friday, November 10, 2023
MCERA to provide AUDITOR with updated draft of financial statements	Friday, November 17, 2023

2023 Audit Timeline/Critical Dates List

(continued)

B.2.a & b.

Item	Due Date
AUDIT WRAP-UP & PRESENTATION (continued):	
AUDITOR to provide <u>drafts</u> of the following reports to MCERA:	Friday, November 17, 2023
Report on Compliance and Internal Control	
Audit Committee Report (SAS 114 Letter)	
Letter to Management	
MCERA to receive Draft Actuary GASB 67/68 Report	Monday, November 20, 2023
MCERA to provide comments on provided draft reports and responses to findings, if any	Wednesday, November 22, 2023
MCERA to provide AUDITOR with revisions to financial statements to include GASB 67/68	Wednesday, November 22, 2023
Legal confirmation responses due to AUDITOR	Friday, November 17, 2023
AUDITOR to provide suggested changes or revisions to financial statements with GASB 67/68	Monday, November 27, 2023
AUDITOR to complete Partner & Quality Control Reviews and provide suggested changes or revisions	Monday, November 27, 2023
AUDITOR presentation to MCERA Audit Committee	Wednesday, November 29, 2023
AUDITOR to provide <u>final</u> copies of the reports to MCERA	Friday, December 8, 2023
AUDITOR to provide 13 " hard copy packets" of the above reports for board meeting	Wednesday, December 13, 2023
MCERA Board of Retirement acceptance of Audit Reports	Wednesday, December 13, 2023

Our Audit Objectives

As the auditor for MCERA, we are responsible for reporting on the financial statements of MCERA for the fiscal year ended June 30, 2023. Our engagement is focused on delivering our services at three levels.

For the public and MCERA	Independent opinions and reports that provide assurance on the financial information released by MCERA.
For the Audit Committee/Board of Retirement	Assistance in discharging their fiduciary responsibilities.
For management	Observations and advice on financial reporting, accounting, and internal control issues from our professionals.

Our primary objective is the expression of an opinion on MCERA's financial statements and internal control over financial reporting 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* issued by the Comptroller General of the United States, which includes:

- Obtaining reasonable assurance as to whether the financial statements are prepared in accordance with accounting principles generally accepted in the United States of America and are free of material misstatements, whether caused by error or fraud; and
- Obtaining reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects.

Audit Strategy

B.2.a

Phase I	Phase II	Phase III	Phase IV
Planning	Interim Field Work	Final Field Work	Completion
Familiarize ourselves with operating environment	Assess internal control environment and identify strengths and weaknesses	Plan and perform substantive audit procedures substantiating all amounts and disclosures in the financial statements	Perform completion procedures, including manager, partner, and technical reviews
Perform risk assessment procedures	Perform SAS 99 (fraud evaluation) procedures	Conduct final analytical review	Obtain GASB Statements No. 67 and No. 68 valuation performing completion procedures
Determine planning materiality	Perform walkthroughs of significant audit areas	Consider audit evidence sufficiency	Obtain legal confirmations
Perform preliminary analytical review	Evaluate design and implementation of selected controls	Conclude on critical accounting matters	Draft reports to be issued
Develop the audit plan	Test controls over financial reporting and participant data	Test valuations of fair value investments	Draft and obtain signed management representation letter
Identify significant audit areas and confirmation procedures	Understand accounting and reporting activities	Continually educate staff about upcoming GASB standards/audit regulations that will need to be implemented	Issue auditor's reports and management letter
Determine nature and extent of audit procedures	Conduct exit conference with management to discuss preliminary results based on the test of controls performed	Conduct Exit Conference with management, including a discussion of proposed audit adjustments, internal control and compliance findings, and management letter	Board of Retirement or Audit Committee meeting; Presentation of Audit and Compliance Reports
Audit Committee meeting; Presentation of Scope of Services and Engagement Letter	Reevaluate the progress of the audit and make any changes on audit approach and procedures, if necessary		

Audit Areas of Focus

B.2.a

Significant Risk Areas	Brown Armstrong's Response
Revenue recognition	<ul style="list-style-type: none">• Test of controls will be performed over contribution amounts as part of participant data• Confirmations from third parties• Other substantive analytics will also be performed
Management override of controls	<ul style="list-style-type: none">• An understanding of controls over journal entries will be obtained and a sample of individual journal entries will be tested• Inquiries will be performed with individual(s) involved in the financial reporting process, and ensure no inappropriate or unusual activity relating to journal entry processing• Perform walkthroughs of significant audit areas to review adequate segregation of duties

Audit Areas of Focus (continued)

B.2.a

Significant Audit Areas	Brown Armstrong's Response
Investments and related earnings	<ul style="list-style-type: none">• Walkthrough of controls to be performed• High level analytics to be performed on investment income• Confirmation with custodian, managers, and consultants• Review GASB Statement No. 72 valuation inputs and testing of Level determinations• Obtain audited financial statements and SOC reports
Participant data and actuary	<ul style="list-style-type: none">• Walkthrough and test of controls• Test participant data, including active and terminated members, and employer payroll<ul style="list-style-type: none">• Confirm with individual participants, actuary, and employers• GASB Statements No. 67/68<ul style="list-style-type: none">• Money-weighted return• Required Supplementary Information (RSI) and Other Information schedules
Employer and employee contributions	<ul style="list-style-type: none">• Walkthrough and test of controls• Confirm with employers• High level analytics
Benefit payments	<ul style="list-style-type: none">• Walkthrough and test of controls• Test benefit payments• High level analytics

Reports Expected to be Issued

Government Auditing Standards			
GAAS Standards			
Independent Auditor's Report (Opinion) on Financial Statements	Required Communication to the Board of Retirement in Accordance with Professional Standards (SAS 114)	Report on MCERA'S Internal Control over Financial Reporting and on Compliance with Laws and Regulations (Yellow Book Report)	Report on Agreed Upon Conditions Designed to Increase Efficiency, Internal Controls, and/or Financial Reporting (Management Letter)

Implementation of New Accounting Pronouncements if Applicable to MCERA for the June 30, 2023 Audit

B.2.a

Standard	Title	Effective Date	Year End Effective Date	Effect on MCERA?
GASB Statement No. 91	<i>Conduit Debt Obligations</i>	Fiscal years beginning after December 15, 2021	July 1, 2022 – June 30, 2023	This statement does not apply as MCERA does not have debt obligations.
GASB Statement No. 96	<i>Subscription-Based Information Technology Arrangements</i>	Fiscal years beginning after June 15, 2022	July 1, 2022 – June 30, 2023	MCERA's potential impact upon implementation has not been determined.
GASB Statement No. 94	<i>Public-Private and Public-Public Partnerships and Availability Payment Arrangements</i>	Fiscal years beginning after June 15, 2022	July 1, 2022 – June 30, 2023	This statement does not apply as MCERA does not have public-private or public-public partnership agreements.

Future Accounting Pronouncements

Standard	Title	Effective Date	Year End Effective Date	Effect on SBCERA?
GASB Statement No 100	<i>Accounting Changes and Error Corrections—an Amendment of GASB Statement No. 62</i>	For fiscal years beginning after June 15, 2023	July 1, 2023 – June 30, 2024	This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. MCERA's potential impact upon implementation has not been determined.
GASB Statement No 101	<i>Compensated Absences</i>	For fiscal years beginning after December 15, 2023	July 1, 2024 – June 30, 2025	This Statement requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used. MCERA's potential impact upon implementation has not been determined.

Questions?

We are looking forward to working closely with you and the management team during the June 30, 2023 audit. Thank you!



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B.2.b Audit Committee 2023 Audit Schedule

The Audit Schedule is included in backup for Agenda Item B.2.a.



ADMINISTRATORS' ROUNDTABLE

Friday, June 23, 2023
8:30 a.m. to 12:30 p.m. Pacific Time
Held Virtually on Zoom

AGENDA

- | | |
|------------|---|
| 8:30 a.m. | Welcome and Introductions |
| 8:45 a.m. | What's Going On In Your System |
| 9:45 a.m. | Break |
| 10:00 a.m. | Continue Round Table Discussion |
| 11:00 a.m. | Group Discussion: Topics Listed Below |
| | <ul style="list-style-type: none">• Legislative Update• Administrative Assistants' Round Table |
| 12:30 p.m. | Adjourn |

Upcoming Events:

- Administrators' Institute, Wed.-Fri., Sept. 27-29, 2023 at Quail Lodge Carmel



Agenda

June 26 & 27

June 28

Time & Date	Topic
Monday, June 26, 2023	
5:30 – 7:00 p.m.	Welcome Reception Please join CalPERS, CalSTRS and industry colleagues as we celebrate the inaugural Catalyst Forum.
Tuesday, June 27, 2023	
7:30 – 8:30 a.m.	Breakfast Buffet
8:30 – 8:40 a.m.	Welcoming Remarks Speakers: <ul style="list-style-type: none"> • Theresa Taylor, Board President, CalPERS • Sharon Hendricks, Board Member, CalSTRS
8:40 – 9:00 a.m.	Purpose and Vision of Catalyst Speaker: Nicole Musicco, Chief Investment Officer, CalPERS CalPERS' Chief Investment Officer Nicole Musicco will share her vision of building a culture of resiliency and innovation and why diversity, equity, and inclusion will play a key role in California's largest pension funds' success.

B.3.a

Time & Date	Topic
9:00 – 10:00 a.m.	<p>Opening Keynote Session: Journey to the Top</p> <p>Moderator: Jon Winkelried, Chief Executive Officer, TPG</p> <p>Speaker: José E. Feliciano, Co-Founder & Managing Partner, Clearlake Capital Group</p> <p>Bloomberg news has called José Feliciano “an investor playing hard ball in the big leagues.” Feliciano is known for his work on human rights and social impact investments. He will share his thoughts and insights on diversity, equity, and inclusion (DEI) within the investment management landscape and how he has seen this impact culture and leadership within his firm. Importantly, he will share insights and perspectives into his own journey from an emerging manager to building one of the most successful alternative investment firms today.</p>
10:00 – 10:15 a.m.	Networking Break

B.3.a

Time & Date	Topic	
10:15 – 11:00 a.m.	<p>Private Market Track A Paying It Forward...Best Practices from Successful Emerging Managers</p> <p>Moderator: Kevin Nickelberry, Managing Director, GCM Grosvenor</p> <p>Speakers:</p> <ul style="list-style-type: none"> • Michelle Dipp, Managing Partner and Founder, BioSpring Partners • Sherrese Clarke Soares, HarbourView Equity Partners • In Seon Hwang, Managing Partner and Co-Founder, Ascend Capital Partners <p>This panel of accomplished investor entrepreneurs will share wisdom and advice on how they have successfully navigated the complexities of this current environment. They will discuss where they have found success and challenges in building their team and what it takes to be institutional ready. For those attendees who are seeking to launch a first-time fund, this session will give you insights into how to prioritize your efforts and best practices across the many dimensions of launching a fund.</p>	<p>Public Market Track B What's next for the Emerging Manager Programs?</p> <p>Moderator: Anyori Hernandez, President and CEO, New America Alliance</p> <p>Speakers:</p> <ul style="list-style-type: none"> • Rosa Perez, Investment Officer- Diversity Programs & Total Portfolio, Illinois Municipal Retirement Fund • Alison Cruz, Director of Investments, Atlantic Health System • Lauren Mathias, Senior Vice President, Callan • Sarah Maynard, Global Senior Head, Diversity, Equity, & Inclusion at CFA Institute <p>In this session, both institutional investors and consultants will dive into their own experiences on how they invest and approach the emerging manager universe. This panel of industry experts will dive into their own lessons learned, how they are evolving their programs, and what opportunities they are seeing with the new entrants into the space.</p>

B.3.a

Time & Date	Topic	
11:15 a.m. – 12:00 p.m.	<p>Private Market Track A Countering the Narrative – Seeking Alpha Through Diverse Manager Allocations</p> <p>Moderator: Pamela Pavkov, Firm Partner and Head of TPG NEXT, TPG</p> <p>Speakers:</p> <ul style="list-style-type: none"> • Taffi Ayodele, Director of Diversity, Equity and Inclusion & Emerging Manager Strategy, New York City Systems • Bryan A. Fujita, Chief Operating Officer, Investment Division, Los Angeles City Employees’ Retirement System • Peter Cashion, Managing Investment Director, Sustainable Investments, CalPERS <p>A headwind the industry continues to face is the premise that investing with small, emerging, and diverse managers results in sacrificing returns. This session will unpack the challenges this brings to institutional investors in a time when terms such as “ESG” and “DEI” have a negative tone. These industry experts will discuss how they are discussing these challenging topics with their current partners, up-and-coming managers, their boards, and staff.</p>	<p>Public Market Track B Building a Successful Emerging Manager Business – A Historical Perspective and Looking Beyond</p> <p>Moderator: Cesar J. Gonzales, Jr., Director, Manager Development and Client Portfolio Manager, Xponance, Inc.</p> <p>Speakers:</p> <ul style="list-style-type: none"> • Mary Pugh, CEO and Chief Investment Officer, Pugh Capital Management, Inc. • Ellen Safir, Founder and Chief Investment Officer, New Century Advisors • Kirsten Syverson, Co-Founder, Integrated Quantitative Investments • A. Rama Krishna, Founder and Chief Investment Officer, ARGAs Investment Management, LP • Nitin Kumbhani, Co-Founder & CEO, Accent Capital Management • Randell A. Cain, Jr., CFA, Founder/CEO/CIO, Kerusso Capital Management, LLC <p>In this session, we’ll showcase the different investment and business strategies utilized by emerging managers to remain current and competitive – from a historical perspective and beyond.</p>

B.3.a

Time & Date	Topic
12:15 – 1:15 p.m.	<p>Lunch & Fireside Chat: The Value of Kindness at Work</p> <p>Introduction: Eraina Ortega, Director, CalHR, CalPERS Board Member</p> <p>Moderator: Tina Byles Williams, CEO, CIO, and Founder, Xponance</p> <p>Speaker: James C. Rhee, Leader, Educator, Investor and Goodwill Strategist</p> <p>James Rhee is an acclaimed impact leader, entrepreneur, educator, investor, and goodwill strategist. He transforms people, brands, and organizations by identifying and unleashing purpose through the systemic union of mathematical and creative systems, thereby making tangible the otherwise intangible. James will discuss the power of a diverse ecosystem and the value of kindness at work.</p>
1:15 – 1:30 p.m.	<p>Networking Break</p>
1:30 – 2:45 p.m.	<p>The Elevator Pitch</p> <p>Moderator: Jon Levin, President, GCM Grosvenor</p> <p>1:30 – 1:55 p.m. Private Equity – Buyout</p> <ul style="list-style-type: none">◦ Speaker: Thecla Sweeney, Partner, Alphi Capital◦ Panel:<ul style="list-style-type: none">▪ Rob Ross, Private Equity Portfolio Manager, CalSTRS▪ Caroline Green, Private Equity Investment Manager, CalPERS <p>1:55 – 2:20 p.m. Private Equity – Venture Capital</p> <ul style="list-style-type: none">◦ Speakers: Jason Lin, Steve Chen, and Kevin Lin from Lifelike Capital◦ Panel:<ul style="list-style-type: none">▪ Katherine Rodota, Private Equity Associate Portfolio Manager, CalSTRS▪ Ben Lee, Private Equity Associate Investment Manager, CalPERS <p>2:20 – 2:45 p.m. Public Markets</p> <ul style="list-style-type: none">◦ Speakers: Eswar Menon, Founder and CIO, Harper Capital◦ Panel:<ul style="list-style-type: none">▪ Geraldine Jimenez, Senior Investment Director, CalSTRS▪ Ray Venner, Portfolio Manager, Public Equity, CalSTRS▪ Thomas Quinn, Managing Director, Xponance

B.3.a

Time & Date	Topic
2:45 – 2:50 p.m.	Catalyst Connection Remarks Speaker: Marcie Frost, Chief Executive Officer, CalPERS
3:00 - 4:30 p.m.	Catalyst Connection: One-On-One Meetings <ul style="list-style-type: none">• 3:00 – 3:20 p.m. Session 1• 3:30 – 3:50 p.m. Session 2• 4:00 – 4:20 p.m. Session 3
4:30 - 6:00 p.m.	Networking Reception
6:30 - 9:30 p.m.	Catalyst Dinner Reception, hosted by TPG Location: Stella, 1448 Burlingame Ave, Burlingame, CA 94010

Updated: June 23, 2023

B.3.a SACRS SPRING CONFERENCE



MAY 9-12, 2023 | PARADISE POINT RESORT & SPA | SAN DIEGO, CA



TUESDAY, MAY 9

2:00 PM - 6:30 PM ▶ LOCATION: Garden Foyer

SACRS CONFERENCE REGISTRATION DESK

3:00 PM - 5:00 PM ▶ LOCATION: Dockside Room

ETHICS TRAINING FOR TRUSTEES AND STAFF: MORE THAN A CONCEPT

This ethics training provides the information required for bi-annual training of public officials in California by AB 1234, and it also addresses key considerations for those public officials whose responsibilities arise from their role as trustees or executives of public retirement systems.

*This class is pending approval for MCLE credit.

SPEAKER: Ashley Dunning, Partner, Nossaman LLP

3:00 PM - 5:00 PM ▶ LOCATION: Bayview Room

SEXUAL HARASSMENT PREVENTION TRAINING FOR LOCAL AGENCY OFFICIALS

Nossaman LLP attorneys John Kennedy and Julia Botezatu will present "Sexual Harassment Prevention Training for Local Agency Officials (AB 1661)." 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 inappropriate conduct in the workplace.

*This class is pending approval for MCLE credit.

SPEAKERS: John Kennedy, Partner, Nossaman LLP and Julia Botezatu, Associate, Nossaman LLP

4:00 PM - 5:00 PM ▶ LOCATION: Sunset Ballroom I-III

IN SOLIDARITY - LABOR AND LABOR ALLIES NETWORKING

Sustainable Returns- Safe and Equitable Workplaces, Investment Risk and Fiduciary Duty

Long term sustainable returns are central to the health of retirement systems. It is increasingly clear from both quantitative and qualitative data that for investors to sustain returns over the long term, the companies they invest in need to establish safe and equitable workplace standards and practices. This session will be an interactive opportunity for plan trustees and participants to discuss the incorporation of these issues into investment policy and practice at their funds.

SPEAKERS: Michael Ring, Assistant Director, Strategic Initiatives, Service Employees International Union and Renaye Manley, Deputy Director, Strategic Initiatives, Service Employees International Union

5:30 PM - 6:30 PM ▶ LOCATION: Sunset Pavilion/Sunset Terrace

SACRS NETWORKING RECEPTION

Build interactive collaborations, uncover new opportunities, and enjoy a great networking experience. All registered attendees welcome.

SACRS SPRING CONFERENCE

MAY 9-12, 2023 | PARADISE POINT RESORT & SPA | SAN DIEGO, CA

CONFERENCE AGENDA



WEDNESDAY, MAY 10

7:00 AM - 8:00 AM ▶ LOCATION: Sunset Terrace

SACRS WELLNESS SESSION - YOGA

Fitting in fitness when away from home is often difficult, but not during SACRS 2023 Spring Conference! We bring a yoga class on-site 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: Paradise Terrace

SACRS BREAKFAST

7:30 AM - 6:00 PM ▶ LOCATION: Garden Foyer

SACRS CONFERENCE REGISTRATION DESK

8:45 AM - 9:00 AM ▶ LOCATION: Paradise Ballroom

SACRS WELCOME – Vivian Gray, Trustee, Los Angeles CERA, SACRS President

Presentation of the U.S. and California Flags and Pledge of Allegiance, San Diego Sheriff's Honor Guard; the National Anthem performed by Mariachi Bonitas; and MC Kellie DeMarco, President, Kellie DeMarco Communications.

9:00 AM - 10:00 AM ▶ LOCATION: Paradise Ballroom

KEYNOTE GENERAL SESSION – CHINA: FRIENDLY COMPETITOR OR GEOPOLITICAL THREAT, IMPLICATIONS FOR THE FIDUCIARY

This timely SACRS Keynote Session features Ambassador (Ret.) David Adelman, currently the Managing Director and the General Counsel of KraneShares. He previously was a managing Director at Goldman Sachs in Hong Kong and partner in two global law firms practicing law in New York, Washington D.C. and Atlanta. He was appointed the 15th United States Ambassador to Singapore, serving during the first term of the Obama-Biden Administration.

Don't miss the opportunity to hear Retired Ambassador Adelman, as he brings his unique and balanced experience in Asia and China to the SACRS stage in an engaging conversation with Allan Martin from NEPC. Adelman will share his perspective on what has changed in terms of competitive forces in Asia and China's position in the global financial markets and aspirations: Competitor, geopolitical threat, necessary partner...and what we might expect going forward. As fiduciaries, China is "too big to ignore." Even without direct investment, we need to understand the scale and influence of China in the global economy and in our portfolios. How do we navigate: Fact? Fiction? Political rhetoric? Policy objectives? Opportunities? Risks? Join us for what promises to be a riveting session.

SPEAKERS: Ambassador (Ret.) David Adelman, Managing Director and General Counsel, Krane Funds Advisors

MODERATOR: Allan Martin, Partner, NEPC

10:00 AM - 10:30 AM ▶ LOCATION: Paradise Foyer

SACRS NETWORKING BREAK

10:30 AM - 11:30 AM ▶ LOCATION: Paradise Ballroom

GENERAL SESSION - PRACTICAL LEADERSHIP LESSONS

Regardless of the role you play in your organization, from individual to C-suite, there are challenges, roadblocks, politics, and personalities to contend with. Couldn't all of us use some strategies and ideas to be more successful in overcoming these things?

In this special SACRS keynote, DeMaurice Smith, Executive Director of the National Football League Players' Association, will share his successful steps and insider stories drawn from his extensive experience leading the NFLPA and as one of the best trial lawyers in the country. He will identify lessons that can be adapted to help you and your organization function better and stronger than ever.

SPEAKER: DeMaurice Smith, Executive Director, National Football League Players' Association (NFLPA)

MODERATOR: Kellie DeMarco, President, Kellie DeMarco Communications

SACRS SPRING CONFERENCE

MAY 9-12, 2023 | PARADISE POINT RESORT & SPA | SAN DIEGO, CA

CONFERENCE AGENDA



WEDNESDAY, MAY 10 CONTINUED

11:30 AM - 12:30 PM ▶ LOCATION: Paradise Ballroom

GENERAL SESSION – GIRLS WHO INVEST

Girls Who Invest focuses on education, mentoring, internships and a supportive community to bring more women and diversity into the asset management industry. To date nearly 1,900 students from U.S. universities and colleges have participated in the organization's Summer Intensive Program (SIP) and Online Intensive Program (OIP) since 2016.

Our speaker, Michelle DeFossett, is Girls Who Invest's Chief Operating Officer. In her role, she oversees GWI's finance and operations, including human resources and IT. Michelle will share insights into the organization, offer real stories, and discuss the organization's mission and programs that address the lack of diversity on investment teams.

SPEAKER: Michelle DeFossett, Chief Operating Officer, Girls Who Invest

MODERATOR: Kellie DeMarco, President, Kellie DeMarco Communications

12:30 PM - 1:30 PM ▶ LOCATION: Paradise Terrace

SACRS LUNCH

2:00 PM - 4:30 PM | CONCURRENT SESSIONS

ADMINISTRATORS BREAKOUT ▶ LOCATION: Sunset Ballroom IV

MODERATOR: Leanne Malison, Administrator, Tulare CERA

AFFILIATE BREAKOUT ▶ LOCATION: Paradise Ballroom

Join us as we debate the age-old question; Public vs Private, is one better than the other or does a singular hybrid strategy offer the best of both? Panelists will be defending their asset class and debating the merits of their competitors in a volatile economic environment. We expect this to be a lively discussion with referees and moderators adding their own opinions, facts, and views (and keeping the peace). Grab a seat for the first round, Private Equity vs Public Equity and then stick around for Private Credit vs Public Fixed Income!

Private Credit vs Fixed Income

SPEAKERS: Thomas Toth, Managing Director, Wilshire; Sean Gannon, Managing Director, Manulife Investment Management; and Azhar Mahmood, Head of North America Consultant Relations, Apollo Global Management

REFEREE: Don Pierce, Chief Investment Officer, San Bernardino CERA

MODERATOR: Scott Whalen, CFA, Executive Managing Director, Senior Consultant, Verus

Private Equity vs Public Equity

SPEAKERS: Kristin Shofner, Senior Vice President, Fidelity Institutional Asset Management; Ana Chapman, Managing Director, Hamilton Lane; and Melvin Lindsey, CFA, Managing Partner, Nile Capital Group Holdings LLC

REFEREE: Donald Kendig, CPA, Retirement Administrator, Fresno CERA

MODERATOR: Trevor Jackson, Managing Director, Aksia

ATTORNEYS BREAKOUT ▶ LOCATION: Sunset Ballroom V

Institutional Investor Involvement in Securities Litigation - The Basics

SPEAKERS: Justin Farar, Of Counsel, Kaplan Fox Kilsheimer LLP and Larry King, West Coast Managing Partner, Kaplan Fox Kilsheimer LLP

Litigation Update

SPEAKERS: Maytak Chin, Reed Smith LLP and Mariah K. Fairley, Associate, Reed Smith LLP

Death During Active Membership, Non Service Connected Disability and Optional Settlement 2

SPEAKER: Karen Levy, General Counsel, Contra Costa CERA

MODERATOR: Rachel Witt, Assistant Chief Legal Officer/Chief Compliance Officer, San Diego CERA

SACRS SPRING CONFERENCE

MAY 9-12, 2023 | PARADISE POINT RESORT & SPA | SAN DIEGO, CA

CONFERENCE AGENDA



WEDNESDAY, MAY 10 CONTINUED

2:00 PM - 4:30 PM | CONCURRENT SESSIONS

INTERNAL AUDITORS BREAKOUT ▶ LOCATION: Bayview Room

GAAP Update – Update on the Accounting Pronouncements Affecting Pension Systems

SPEAKER: Robert Griffin, Managing Partner, Williams-Adley, CPAs

Business Continuity Planning After the Pandemic

SPEAKERS: Brenda Greenwood, Chief Technology Officer, Kern CERA and Marlon Montenegro, Security Analyst, Alameda CERA

MODERATOR: Harsh Jadhav, CPA, Chief of Internal Audit, Alameda CERA

INVESTMENT OFFICERS BREAKOUT ▶ LOCATION: Sunset Ballroom I

Round table discussion with internal system investment staff on various topics of current events in the investment realm.

This is a **closed session** open to the Retirement System's Investment staff.

MODERATOR: Brian Richard, Assistant Chief Executive Officer, Santa Barbara CERS

OPERATIONS/BENEFITS BREAKOUT ▶ LOCATION: Sunset Ballroom III

Do-It-Yourself Retirement: A Look at SBCERA's New Online Member Self-Service Features

SBCERA members can now generate a service purchase estimate, make a purchase request, execute a service purchase contract, and track the progress of their request in mySBCERA, our online member portal. Additionally, retirees and other payees can make tax withholding election changes and update their direct deposit information online. We've also been building online service retirement and disability service retirement applications that will be available for members in mySBCERA.

SPEAKER: Olivia Applegate, Director of Communications and Stakeholder Relations, San Bernardino CERA

MODERATOR: Colin Bishop, Chief of Member Services, San Bernardino CERA

SAFETY BREAKOUT ▶ LOCATION: Sunset Ballroom II

MODERATOR: Brian Williams, Trustee, Correctional Deputy, Sonoma CERA

TRUSTEE BREAKOUT ▶ LOCATION: Garden Room

2024 Elections: A State and Local Overview of California Elections

Learn more about the current state of voters and the decisions that will be placed before them in 2024.

SPEAKER: Matt Rexroad, Chief Executive Officer, Chief Strategist, Strategy Insights

MODERATOR: Adele Tagalao, Trustee, Orange CERS, SACRS Secretary

6:30 PM - 9:30 PM ▶ LOCATION: Sunset Pavilion/Sunset Terrace

SACRS ANNUAL WEDNESDAY NIGHT EVENT - AHOY!

It's all hands-on deck for some prime networking time as the much-anticipated **SACRS ANNUAL WEDNESDAY NIGHT EVENT** takes on a nautical flare. It's the perfect opportunity to review the day together, exchange ideas, meet new friends and catch up with colleagues. You'll never feel like a castaway at this SACRS event that includes a reception, dinner, and live music in the festive tropical setting of Paradise Point & Spa, San Diego's Island Resort. Wear your best Captains Hat and Island Attire! This is an indoor/outdoor event near the bay with cooler temperatures at night. Resort Casual attire is appropriate, warm layers for the evening is suggested.

SACRS SPRING CONFERENCE

MAY 9-12, 2023 | PARADISE POINT RESORT & SPA | SAN DIEGO, CA

CONFERENCE AGENDA



THURSDAY, MAY 11

7:00 AM - 8:00 AM ▶ LOCATION: Paradise Foyer

SACRS WELLNESS SESSION - FUN RUN & WALK

Your morning starts off with an additional opportunity for team building 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 T-shirts, 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: Paradise Terrace

SACRS BREAKFAST

7:30 AM - 6:00 PM ▶ LOCATION: Garden Foyer

SACRS CONFERENCE REGISTRATION DESK

8:45 AM - 9:00 AM ▶ LOCATION: Paradise Ballroom

SACRS VOLUNTEER AWARDS - Vivian Gray, Trustee, Los Angeles CERA, SACRS President

9:00 AM - 10:00 AM ▶ LOCATION: Paradise Ballroom

GENERAL SESSION - UKRAINE AND BEYOND: THE GEOPOLITICS OF 2023

2022 saw major interstate war in Europe for the first time in 77 years. That conflict, with global implications across many sectors, stalemated last fall. But will it stay that way through 2023, both on the tactical battlefield and more strategically? Answering these questions is crucial for American foreign policy, politics, economics—and much else. Michael O'Hanlon will offer his thoughts on these matters, building on recent trips to Ukraine and Taiwan as well as his recent book on military history and its lessons for today.

SPEAKER: Michael O'Hanlon, Senior Fellow, Phil Knight Chair, Brookings Institution

MODERATOR: Kellie DeMarco, President, Kellie DeMarco Communications

10:00 AM - 10:30 AM ▶ LOCATION: Paradise Foyer

SACRS NETWORKING BREAK

10:30 AM - 11:30 AM ▶ LOCATION: Paradise Ballroom

GENERAL SESSION - DEI - AN INTEGRATED APPROACH

There is a growing expectation from clients and colleagues that investment managers will incorporate DEI into investment, business, and talent approaches. For example, Public Pensions, Endowments, and Foundations want data on the racial, ethnic, and gender diversity of the fund managers in their portfolios. Also, individuals and families want to know how their investments across asset classes are contributing to DEI or other social justice causes. The generations of today and tomorrow want to see us move beyond words of intention surrounded by lots of activities to deliberate actions that drive progress. And as investment managers, institutional investors, and consumers we have a collective responsibility to advance DEI for the benefit of all humanity. By attending this session, you will have an opportunity to engage in a conversation about how these firms incorporate DEI throughout their business and talent ecosystem.

SPEAKERS: Shawna Ferguson, Partner, Senior Managing Director, Global Diversity, Equity & Inclusion, Wellington Management; Jackson Cummings, Head, Wellington Access Ventures, Wellington Management; and Ron Taylor, Portfolio Specialist, T. Rowe Price

MODERATOR: Verdun Perry, Global Head, Blackstone Strategic Partners

SACRS SPRING CONFERENCE

MAY 9-12, 2023 | PARADISE POINT RESORT & SPA | SAN DIEGO, CA

CONFERENCE AGENDA



THURSDAY, MAY 11 CONTINUED

11:30 AM - 12:30 PM ▶ LOCATION: Paradise Ballroom

GENERAL SESSION - SEA CHANGE - A PROFOUND OR NOTABLE TRANSFORMATION

We are not talking about the oceans, rather a potentially monumental shift for investors! Where are we and what is next in the economic regime? Please join us for a fireside chat with Howard Marks. Many of you follow Howard's "memos to Oaktree clients" written over the past 33 years. In a recent memo Howard writes, "In my 53 years in the investment world, I've seen a number of economic cycles, pendulum swings, manias and panics, bubbles and crashes, but I remember only two real sea changes. I think we may be in the midst of a third one today." Howard is highly regarded as an expert in private credit and having a thoughtful long-term perspective on market cycles. Please join us for an enlightening discussion about the opportunities and risks facing investors in the coming months and years.

SPEAKER: Howard Marks, CFA, Co-Chairman, Oaktree Capital Management

MODERATOR: Gina Sanchez, Trustee, Chair Los Angeles CERA Investment Board, Los Angeles CERA

12:30 PM - 1:30 PM ▶ LOCATION: Paradise Terrace

SACRS LUNCH

2:00 PM - 3:00 PM | CONCURRENT SESSIONS

CONCURRENT SESSION A - FIXED INCOME – IN VOGUE AND SEXY EVEN! ▶ LOCATION: Sunset Ballroom IV-V

In this session our three panelists will discuss the fixed income markets from the low end to the high end of the curve and all in-between. They will discuss public and private fixed income and the current environment for the overall fixed income opportunity set. With inflation and interest rates running a bit wild, the panel will discuss the impact of this on the various areas of the fixed income marketplace and how it can impact your portfolio.

SPEAKERS: Audie Apple, Senior Vice President, Alternatives Institutional Portfolio Manager, Fidelity Institutional Asset Management and Saurabh Sud, CFA, Portfolio Manager, Global Fixed Income Division, T. Rowe Price

MODERATOR: Mark McKeown, CFA, Managing Principal, Head of Fixed Income Research, Meketa

CONCURRENT SESSION B - ASOP 4 AND LDROM: WHAT DO WE DO WITH SOME NOT SO BAD AND NOT SO GOOD NEWS FROM THE ACTUARIES? ▶ LOCATION: Sunset Ballroom I-III

The Actuarial Standards Board has revised to Actuarial Standards of Practice (ASOP) No. 4, to require that governmental pension plans assess and disclose additional information about the plan's funding policies. More importantly it also requires plans to calculate and disclose a "market value of liabilities" using a "risk-free" discount rate. This new measure is called the Low-Default-Risk Obligation Measure (LDROM) and is required with all actuarial valuations conducted for funding purposes, effective February 2023. Public plans have an opportunity to use this new measurement to show how public sector defined benefit plans are an economically efficient way to provide retirement security for governmental employees. In contrast, opponents of the public sector defined benefit model will likely characterize this new number as an admission by retirement systems of the "true" cost of their plans. This session will discuss how public plans can explain this new number and communicate its actual meaning to various stakeholder groups, as well as respond to its likely misuse by opponents of public plans.

SPEAKER: Paul Angelo, FSA, MAAA, FCA, EA, Senior Vice President and Actuary, Segal

MODERATOR: Debby Cherney, Chief Executive Officer, San Bernardino CERA

CONCURRENT SESSION C - DIGITAL ASSETS: YOUR PORTFOLIO IS LIKELY UNDER-ALLOCATED ▶ LOCATION: Paradise Ballroom

Come discuss what is "real", what is "fake", and why you must have an informed view about the greatest technological innovation since the internet.

SPEAKER: Elliott Campbell, Principal, HarbourVest Partners

MODERATOR: Teri Noble, Principal Investor Relations, HarbourVest Partners

SACRS SPRING CONFERENCE

MAY 9-12, 2023 | PARADISE POINT RESORT & SPA | SAN DIEGO, CA

CONFERENCE AGENDA



THURSDAY, MAY 11 CONTINUED

3:00 PM - 3:30 PM ▶ LOCATION: Paradise Foyer

SACRS NETWORKING BREAK

3:30 PM - 4:30 PM | CONCURRENT SESSIONS

CONCURRENT SESSION A - LEGISLATIVE UPDATE 2023 ▶ LOCATION: Sunset Ballroom I-III

SPEAKERS: Bridget McGowan, Legislative Advocate, Edelstein Gilbert Robson & Smith and Mike Robson, Partner, Edelstein Gilbert Robson & Smith

MODERATORS: Eric Stern, Chief Executive Officer, Sacramento CERS, SACRS Legislative Committee Co-Chair and Dave Nelsen, Chief Executive Officer, Alameda CERA, SACRS Legislative Committee Co-Chair

CONCURRENT SESSION B - PRIVATE EQUITY CO-INVESTING IN 2023 ▶ LOCATION: Sunset Ballroom IV-V

Institutional investors embraced private equity co-investing during the past five years. Given public market volatility, how are investors evaluating the performance of co-investments completed in recent years? How are investors thinking about the role of co-investments in 2023?

SPEAKERS: Didier Acevedo, Investment Officer, Los Angeles CERA and Eric Abelson, CFA, Managing Director, Cliffwater LLC

MODERATOR: Gabrielle Zadra, Senior Managing Director, Cliffwater LLC

CONCURRENT SESSION C - DEVELOPING A RISK MITIGATING STRATEGIES (RMS) ACTION PLAN ▶ LOCATION: Paradise Ballroom

This panel will but through the jargon and help Trustees and Investment Professionals think through a framework for considering, analyzing, and implementing strategies which provide defensive properties to complement a portfolio dominated by economic growth risks.

SPEAKER: Ryan Lobdell, CFA, CAIA, Managing Principal, Meketa Investment Group

MODERATOR: Ben Lazarus, CFA, Solutions Specialist, Capstone Investment Advisors

4:30 PM - 5:30 PM ▶ LOCATION: Garden Room

SACRS EDUCATION COMMITTEE MEETING

SPEAKER: JJ Popowich, Assistant Executive Officer, Los Angeles CERA, SACRS Education Committee Chair

4:30 PM - 5:30 PM ▶ LOCATION: Bayview Room

SACRS NOMINATING COMMITTEE MEETING

SPEAKER: Dan McAllister, San Diego Treasurer Tax Collector, San Diego CERA, SACRS Immediate Past President

5:30 PM - 6:30 PM ▶ LOCATION: Sunset Pavilion/Sunset Terrace

SACRS RECEPTION

Build interactive collaborations, uncover new opportunities, and enjoy a great networking experience. All registered attendees welcome.

SACRS SPRING CONFERENCE

MAY 9-12, 2023 | PARADISE POINT RESORT & SPA | SAN DIEGO, CA

CONFERENCE AGENDA



FRIDAY, MAY 12

7:30 AM - 8:30 AM ▶ LOCATION: Sunset Ballroom IV-V

SACRS BREAKFAST

9:00 AM - 10:00 AM ▶ LOCATION: Sunset Ballroom I-III

GENERAL SESSION - EXAMINING THE EXPERIENCES OF PUBLIC PENSION PLANS SINCE THE GREAT RECESSION

This report finds that state and local government retirement systems on the whole successfully navigated the 2007 to 2009 Global Financial Crisis. Moreover, public retirement systems across the nation have adapted in the years since the recession by taking actions to ensure continued long-term resiliency.

SPEAKERS: Tyler Bond, Research Director, National Institute on Retirement Security and Todd Tauzer, FSA, National Public Retirement Leader, Segal

10:00 AM - 10:15 AM ▶ LOCATION: Sunset Foyer

SACRS NETWORK BREAK

10:15 AM - 11:30 AM ▶ LOCATION: Sunset Ballroom I-III

SACRS ANNUAL SPRING BUSINESS MEETING

SPEAKERS: Vivian Gray, Trustee, Los Angeles CERA, SACRS President; David MacDonald, Trustee, Contra Costa CERA, SACRS Vice President; Jordan Kaufman, Kern County Treasurer Tax Collector, Kern CERA, SACRS Treasurer; Adele Tagaloea, Trustee, Orange CERS, SACRS Secretary; David Gilmore, Trustee, San Diego CERA, SACRS Board Member; Dan McAllister, San Diego Treasurer Tax Collector, San Diego CERA, SACRS Immediate Past President; and Joanne Svendsgaard, Millennium Global Americas LLC, SACRS Affiliate Committee Chair

B.3.b Other Comments

This is a discussion with no backup.

**JAMES
BELLAMY**

D.1 Future Meetings

This is a discussion with no backup.

**E.1
MCERA
Conference and Training Calendar
July 2023**

Cooper	Gladstern	Gullett	Jones	Klein	Martinovich	Murphy	Poole	Shaw	Silberstein	Vasquez	Werby	Wickman	Bakerink	Dunning	Barre	Date	Approved	Sponsor	Program	Location
					✱					✱						7/16-19/2023	*	SACRS	Public Pension Investment Management Program	UC Berkeley, Oakland, CA
																7/17-19/2023	*	CalAPRS	Management Academy 3	Pasadena, CA
																8/20-22/2023	*	NCPERS	Public Pension Funding Forum	Chicago, IL
																8/23-24/2023	*	Callan	Alternative Investments	Virtual
																8/28-31/2023	*	CalAPRS	Principles of Pension Governance for Trustees	Malibu, CA
														✱		9/8/2023	*	CalAPRS	Attorneys Round Table	Virtual
									✱	✱						9/11-13/2023	*	CII	Fall Conference	Long Beach, CA
																9/15/2023	*	CalAPRS	Accountants Round Table	Virtual
																9/19/2023	*	CalAPRS	Administrative Assistants Round Table	Virtual
							✱									9/26-28/2023	*	Callan	Introduction to Investments	Virtual
												✱				9/27-29/2023	*	CalAPRS	Administrators' Institute	Carmel, CA
																10/1-4/2023		CRCEA	Fall Conference	Stockton, CA
										✱						10/5/2023	*	Nossaman	Pensions, Benefits & Investments Fiduciaries' Forum	San Francisco, CA
																10/6/2023	*	CalAPRS	Information Technology Round Table	Virtual
																10/13/2023	*	CalAPRS	Legal Support Round Table	TBD

E.1

Cooper	Gladstern	Gullett	Jones	Klein	Martinovich	Murphy	Poole	Shaw	Silberstein	Vasquez	Werby	Wickman	Bakerink	Dunning	Barre	Date	Approved	Sponsor	Program	Location
																10/16-20/2023		Stanford Directors' Consortium	Public Board Cohort	Stanford, CA
																10/16-20/2023	**	Wharton	Investment Strategies & Portfolio Management	Philadelphia, PA
																10/17/2023	*	CalAPRS	Compliance Round Table	Virtual
																10/27/2023	*	CalAPRS	Trustees Round Table	Virtual
																11/1-3/2023	*	CalAPRS	Intermediate Course in Retirement Plan Administration	Burbank, CA
															✱	11/6-8/2023		CSDA	Board Secretary Conference	Monterey, CA
									✱			✱				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
																12/6-8/2023	*	CalAPRS	Advanced Course in Retirement Plan Administration	Burbank, CA
																3/2-5/2024	*	CalAPRS	General Assembly	Rancho Mirage, CA
																3/4-6/2024	*	CII	Spring Conference	TBD
																4/8-10/2024	*	Callan	National Conference	San Francisco, CA
																4/15-19/2024	*	Wharton	Investment Strategies & Portfolio Management	Philadelphia, PA
																9/9-11/2024	*	CII	Fall Conference	Brooklyn, NY

*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, JULY 12, 2023****JUNE 2023**

RETURN OF CONTRIBUTIONS			
Amy Carr	Full Refund - Termination	\$	3,939.57
Lisa Dickey	Full Refund - Termination	\$	21,256.15
Eric Lucan	Partial Refund - Age Change	\$	626.60
Elaisha Murrell	Full Refund - Termination	\$	7,842.26
Jennifer Nance	Full Refund - Active Death of Kathryn Sibbald	\$	231,915.53
Stefan Parnay	Partial Refund - Age Change	\$	989.41

BUYBACKS			
Henry Duler		\$	21,563.64
Colin Gray		\$	3,786.44
Scott Klunk		\$	21,268.71
Garrett Lane		\$	3,000.00

NEW RETIREES	
Victoria Creighton Lemos	County of Marin - Probation
John Mosher	County of Marin - Health & Human Services
LaDonna Thompson	County of Marin - Community Development
Scott Wallace	County of Marin - Sheriff/Coroner
Marc Woo	County of Marin - Health & Human Services

DECEASED RETIREES	
Raymond Ahearn	County of Marin - Community Development
Ulla Chandler	City of San Rafael
James Crank	City of San Rafael
William Doyle	County of Marin - Health & Human Services
Earl Dewey Ezell	County of Marin - Public Works
Astrid Jansson	County of Marin - Child Support Services
Garrett Mc Donald	County of Marin - Sheriff/Coroner
Barbara Richter	County of Marin - Sheriff/Coroner
Steven Soderman	County of Marin - Public Works
Jacquelyn Vallier	County of Marin - Health & Human Services