

## **AGENDA**

### **FINANCE AND RISK MANAGEMENT COMMITTEE MEETING MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION (MCERA)**

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

**November 18, 2020 – 9:00 a.m.**

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This meeting will be held via teleconference pursuant to Executive Order N-25-20, issued by Governor Newsom on March 12, 2020, Executive Order N-29-20, issued by Governor Newsom on March 17, 2020, and Executive Order N-35-20, issued by Governor Newsom on March 21, 2020.

The public may listen to and observe the meeting on YouTube at <https://youtu.be/mFvuIj0fIy0>.

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

The Board of Retirement encourages a respectful presentation of public views to the Committee. The Committee, 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 Committee meetings.

#### **CALL TO ORDER**

#### **ROLL CALL**

#### **MINUTES**

May 20, 2020 Finance and Risk Management Committee meeting

August 19, 2020 Finance and Risk Management Committee meeting

#### **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.

## **B. NEW BUSINESS**

### **1. Administrative Budget Fiscal Year 2020-21 Quarterly Review**

Consider and review expenses for quarter ending September 30, 2020

### **2. Non-budgeted Expenses**

Consider and review non-budgeted expenses for the quarter

### **3. Quarterly Checklist**

Consider, review and updates on the following:

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

### **4. Cyber Risk Assessment (Action)**

Review and take possible action on an agreement with Linea Secure to provide support for the implementation of the findings from the cyber security risk assessments of MCERA's operations

### **5. Annual Audit of Financial Statements Update**

Update on audit process

### **6. Future Meetings**

Consider possible agenda topics for future meetings

**Note on Process: Items designated for information are appropriate for Committee action if the Committee wishes to take action.**



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

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

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

For consideration at November Committee meeting

## **MINUTES**

### **FINANCE AND RISK MANAGEMENT COMMITTEE MEETING MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION (MCERA)**

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

**May 20, 2020 – 9:00 a.m.**

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This meeting was held via teleconference pursuant to Executive Order N-25-20, issued by Governor Newsom on March 12, 2020, Executive Order N-29-20, issued by Governor Newsom on March 17, 2020, and Executive Order N-35-20, issued by Governor Newsom on March 21, 2020. This meeting was accessible to the public via livestream on MCERA's YouTube channel.

#### **CALL TO ORDER**

Retirement Administrator Jeff Wickman called the meeting to order at 9:00 am.

#### **ROLL CALL**

PRESENT: Block, Given, Klein, Murphy, Werby

ABSENT: None

#### **MINUTES**

It was M/S Given/Murphy to approve the March 3, 2020 Finance and Risk Management Committee Meeting Minutes as submitted.

AYES: Block, Given, Klein Murphy Werby

NOES: None

ABSTAIN: None

ABSENT: None

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

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For consideration at November Committee meeting

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. NEW BUSINESS**

### **1. Administrative Budget for Fiscal Year 2020/21 (Action)**

Consider and possibly recommend adoption of Administrative Budget for the next fiscal year.

Mr. Wickman presented the proposed Administrative Budget for Fiscal Year 2020/21. The proposal outlines major budget categories with yearly comparisons and presents budget details with annual comparisons. Supporting documents include an organizational chart and list of budgeted positions, which are required to be presented to the Board. The Administrator explained that expenditures for legal, actuarial, and investment management are not included in the administrative budget, in accordance with the County Employees Retirement Law of 1937 (CERL).

The biggest category, making up approximately 67% of the administrative budget, is Salaries and Benefits. All employees are budgeted at the top step of their positions. Salaries include the County's negotiated 2.5% salary increase effective July 1, 2020. The cost of all benefits is projected at 54% of salary, which is 5% lower than last year's percentage. Per the CERL, the cap on the total Administrative Budget is 21% of the accrued actuarial liability. The proposed budget is 14% of the accrued actuarial liability.

Mr. Wickman reviewed key budget detail items. Reprographic services increased 101.3% over last year due to copy services being recategorized out of Office Supplies. Adjustments were made to costs for disability medical services, which was the outcome of a successful negotiation with the medical advisor for lower costs. A trend in requests for ergonomic workstations has prompted the inclusion of a previously unbudgeted line item, assuming the trend will continue with staff. Additionally, Shelter in Place orders occasioned the purchase of additional computers to set up remote access for staff to work offsite. Therefore, electronic supplies costs were added in anticipation that more purchases may be needed. Lastly, there is a 40.7% increase in the charges from Fort Docs, our records management service. This is the result of higher frequency in calling boxes for review and destruction. Eventually there will be fewer boxes, which reduces the cost. Depreciation began on the lobby space once the project was completed. Mr. Wickman thanked Ms. Marshall and Ms. Jackson for their analysis and work putting together this draft budget for 2020/21.

Trustee Block asked why depreciation on tenant improvements was under the administrative budget and not the investment budget. Mr. Wickman replied that only a portion of the building is considered investment-related for accounting purposes. The portion that is leased is held as an investment which is 2/3 of the building. Trustee Werby asked for clarification on depreciation. Mr. Wickman noted there have been improvements to the building that are being depreciated. Ms. Jackson replied that depreciation is over 40 years and only applies to the space that MCERA occupies. One McInnis Parkway depreciation is for the entire building.

For consideration at November Committee meeting

It was M/S Given/Block to recommend that the Board adopt the Administrative Budget for Fiscal Year 2020-21 as presented. The motion was approved by a vote of 5-0 as follows:

AYES: Werby, Block, Given, Murphy, Klein  
NOES: None  
ABSTAIN: None  
ABSENT: None

2. Administrative Budget Fiscal Year 2019/20 Quarterly Review

Consider and review expenses for quarter ending March 31, 2020

Mr. Wickman reviewed the administrative budget, beginning with the 3<sup>rd</sup> quarter results. Salaries and Benefits were at 18% for the quarter due primarily to savings from position vacancies. Services and Supplies were slightly higher than 25%. Innovest costs were higher, and this has been reflected in the 2020/21 proposed budget. As previously mentioned, record retention costs went up. Insurance premiums for the quarter were high because payment was made for annual renewal of fiduciary liability insurance. Owner allocation of utility expenses are still higher because the tenants of Suite 250 have not yet occupied the space. Subscription services are a bit elevated for January. These include the cost of the service used to verify deaths. Although higher for the quarter, medical costs were in line for the year. Additional expenses for the phone reflect the purchase of new iPads for trustees and data plans. Interdepartmental charges are typically lagged over a quarter but in line for the year. The total administrative budget for the quarter was under the run rate of 25% at 22.40%.

Year to date Salaries and Benefits were at 54% through the 3<sup>rd</sup> quarter and will be well below the budgeted amount for the fiscal year. Services and supplies are right at the target of 75%. Interdepartmental charges are higher at 92% and will be reviewed at the end of the year for potential adjustments. In sum, at the end of the 3<sup>rd</sup> quarter expenditures are at 63% of the administrative budget for the fiscal year.

Trustee Werby asked about the utility cost allocation for the space unoccupied by MCERA and the Administrator will look into how Woodmont Property Management categorizes this expense.

3. Non-budgeted Expenses

Consider and review non-budgeted expenses for the quarter

Mr. Wickman reviewed the 3<sup>rd</sup> quarter non-budgeted expenses. As expected, the largest expense was for retiree payroll which was very consistent for the quarter. In April payroll will increase when new retirees are placed on retirement payroll. In addition, the post-retirement COLA adjustment increases this category. Likely, there will be an adjustment of 2-3% as occurred in previous years. The CPAS license renewal cost was \$100 K, and there were other costs for specific work that was needed for changes to the benefit administration system. Insight Public Sector was a vendor implementing new IT equipment that was recommended by the County Information Technology Department. This included hardware and VPNs to improve connectivity with CPAS. Legal expenses

For consideration at November Committee meeting

are trending less than prior years. The Cheiron, Inc. cost was for the annual actuarial valuation presented to the Board.

Trustee Werby asked if there was another appraisal of One McInnis. Mr. Wickman confirmed an appraisal was completed in March with an increase in value from \$14.5M to \$16.9M.

Trustee Block asked that the annualized percentage column be defined for the Investment Manager's Fees. Mrs. Marshall replied it is calculated by taking the quarter to date total and annualizing it. This number is the numerator and the market value is the denominator. Trustee Block suggested that it would be helpful to compare fees to what was expected. Mr. Wickman and the accounting team will work on incorporating Trustee Block's request.

4. Quarterly Checklist

Consider, review and updates on the following:

a. MCERA educational and event-related expenses

During the 3<sup>rd</sup> quarter, the CII Spring Conference in Washington, D.C. was attended by Trustee Silberstein. In addition, the CalAPRS General Assembly was held in the first week of March. Mr. Wickman noted staff members attended CalAPRS training sessions, including the Management Academy attended by Ms. Marshall.

b. Continuing Trustee Education Log

No challenges are foreseen for trustees to achieve the 24 hours of continuing education requirement every two years. SACRS and CalAPRS will put recordings of sessions online that can be viewed to meet the education requirements.

c. Other expenses per Checklist Guidelines

The credit card summary was presented. Two staff members, Dale Barre and Kiana Hawkins, have credit cards. There was a purchase of laptops from Costco for staff to work remotely.

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

This was covered under the budget review above.

e. Vendor services provided to MCERA

There were no vendor services outside of construction costs during the quarter.

f. MCERA staffing status

MCERA is fully staffed apart from a vacancy for a Senior Accounting Assistant position. This will be left open to access any upcoming budget impacts that may need to be managed.

g. Internal controls, compliance activities and capital calls

MCERA is still receiving distributions from the older private equity funds and getting capital call requests from both. They have been asked to give projections for capital calls to use for cash flow projections. Callan gave the information which is being used to plan out cash flow. There have been no issues in being able to manage capital calls.

Trustee Block requested a history of each fund in terms of capital calls and distributions. Mr. Wickman said that it is possible to include this data; however, Callan's investment book includes the entire history of capital calls and distributions.

Mr. Wickman referenced other transfers and portfolio rebalances shown on the report. The first is a rebalance undertaken in February which essentially reduced the State Street S&P 500 position and provided cash to the fixed income managers. The second rebalance was to raise cash with reductions to Wellington, Western and BlackRock. Some of the cash was kept, and some was given to the Parametric margin account for the futures program.

Trustee Block asked why the numbers reflecting going in and out do not match. Ms. Jackson explained that some of the investment trades did not settle until April.

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

There is nothing to report on this agenda item.

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

Mr. Wickman shared that on the 1st of May State Street notified MCERA that someone attempted to cash a check on the MCERA custodial account with State Street. When the bank reached out to State Street, they denied payment because the account does not have check writing capabilities. State Street has opened an investigation on its end, and MCERA staff members have also begun investigating what happened. The results of the internal investigation were turned over to the Marin County Sheriff, who now is also investigating this matter. After the investigation is complete, a report will be provided to Chair Werby. This has been reported to the Board Chair, and there was no loss to MCERA as a result of these incidents.

MCERA is working on a process for reopening. No date is set, but the County is working on what opening protocols will look like. Remote work is working well for MCERA staff. Mr. Wickman is not expecting to significantly increase the number of staff in the building when the office re-opens. MCERA is working with a vendor who will install sneeze shields at the front desk and throughout the cubicles where there are shared spaces. In addition, foot stand spots and signage will be used to help maintain social distancing both at the front lobby and other common areas of the office. People will be encouraged to use video technology for counseling. However, there will be those who will walk in; hence, the counseling room is being modified with a shield between staff and customers. Lastly, a project to memorialize the protocols for staff



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returning to the office is in development. Ms. Hardesty added that the County Management Council meeting just issued the Marin Recovers specific protection plan guidance and template, which provides additional guidance to use for reopening.

Trustee Werby suggested rethinking a shared kitchen and examine the air conditioning system. Mr. Wickman replied that the kitchen will be up for discussion with the Ad-Hoc One McInnis Committee shortly. Woodmont identified that ionization can be added to the air system that captures molecules as the air flows throughout the building. Purchases of masks, gloves and cleaning supplies will be placed for staff use as part of the overall plan.

Mr. Wickman asked Ms. Marshall in March to open an MCERA Bank of America credit card in his name. This was a need that arose out of both current card holders being asked to shelter in place, and the need to purchase supplies, specifically laptops, quickly. The new card will be locked up and used only in emergencies. Any purchases will be reported to this Committee along with the other card expenditures. Trustee Werby asked if the physical cards were needed to make purchases. Mr. Wickman explained that the physical card was needed, and they were inaccessible as they were locked by the individual cardholders.

j. Form 700 Summary

Ms. Dunning reviewed the annual Summary Form 700 Report that lists all of the financial interests that have been reported by MCERA's filers, except the investment managers. The report highlights items that show a match between the reported interest and an MCERA interest. No gifts in excess of the statutory maximum were reported.

Ms. Dunning noted that no Form 700 was received from any representative of National Disability Evaluations (NDE). Mr. Wickman shared a memo sent to NDE requesting their Form 700 per MCERA's Conflict of Interest Code.

Trustee Block suggested asking for guidance from the FPPC. Mr. Wickman replied that once FPPC makes a decision, it is final; NDE will have no other choice which leaves no room for other interpretation. Trustee Block asked about the consequences of not going to the FPPC. Ms. Dunning responded that there two questions that need to be answered. Since NDE works with other CERL systems, is the role they play with each exactly the same as well as the level of interaction with the ultimate decision maker, the Board? In addition, none of the independent medical examiners or the medical advisors with whom NDE consults file Form 700s either, so the view has been NDE is the gatekeeper to those recommendations. They are making recommendations to the Retirement Board and to the staff, which puts them in a position where they should file, and that's what their contract with MCERA says. The other question is related to the FPPC and whether MCERA will request advice from or report the situation directly to the FPPC if there is non-compliance. Trustee Block stated that it would be best to request advice from the FPPC. If in their opinion NDE must file, they have to comply. Furthermore, even if they don't, the Board has met its obligation to report the non-compliance. Ms. Dunning offered that the question is who takes on that burden. When asking the FPPC a question,

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typically you are expected to both give enough information that allows them to advise, and often, interact with the FPPC about what you think the right answer is. Therefore, the question is should it be NDE explaining why they do not need to comply, or MCERA taking a position that they should. Trustee Given shared that since it's part of NDE's contract with MCERA, they should be responsible for that as they are not following through. Ms. Dunning responded that it cannot be determined whether or not it is a small issue because it is unknown what financial interests they would disclose and whether those would reveal something that is relevant.

Ms. Dunning stated that the best course of action is to follow what the contract says which is to require that they file, and if they do not, inform the FPPC that they haven't. Mr. Wickman will follow-up with NDE and say that after the Committee's discussion, it was agreed that the contract requires that they file. They will need to file by June 1st, and if they are not going to do that, they need to reach out to the FPPC for direction. Not following through will result in MCERA notifying the FPPC of NDE's lack of compliance.

#### 5. MCERA Insurance Review

Review, discuss and consider MCERA's insurance coverage

Ms. Dunning introduced Jim Vorhis, the Co-Chair of Nossaman's Insurance Recovery Practice Group, to discuss MCERA's insurance coverage. Mr. Vorhis has worked on coverage issues for MCERA over the years as well as for a number of CERL and other public retirement systems.

Mr. Vorhis stated fiduciary liability insurance is the most important insurance purchased by MCERA. It has a number of sub-limits that cover very specific types of claims, with the highest being claims based on alleged breach of fiduciary duty. He highlighted the MCERA *Brown* and *MAPE* cases which fall under these types of provisions. Mr. Vorhis stated that MCERA's fiduciary liability insurance is broad and includes favorable terms about the breadth of coverage as well as the negotiated pre-approved rates for paying counsel. Mr. Vorhis finds that the coverage MCERA is getting is top-notch from the fiduciary perspective.

Mr. Vorhis reviewed MCERA's Commercial General Liability (CGL) policy. It is something that every business or public agency will have which covers personal injuries, property damage and advertising injuries. For example, if someone trips and falls in MCERA's building, this is the policy that would apply. A question the Board posed was whether this insurance covers advertising. If MCERA has something on their website and someone alleges that the content is a copyright infringement, trademark issue or defamation, while unlikely, Mr. Vorhis said he is confident that this would be covered under the CGL policy. However, a call is set up with the broker to confirm absolutely. In addition, he noted that the cyber policy covers trademark infringement, copyright cases and defamation which would be additional coverage.

Trustee Block asked about copyright in relation to the software MCERA uses. If the software company gets sued over copyright infringement and the claimant brings in all users of the software in the suit, is MCERA covered under the CGL policy? Mr. Vorhis

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stated that he would expect this coverage to come into play. In that situation, he would tender both the CGL carrier and cyber policy carrier in hopes that they would work together and share costs. The other question is if a vendor gets hacked and MCERA is somehow impacted. Mr. Vorhis added that in evaluating vendor relationships, reviewing their insurance coverage is advisable as is negotiating as favorable indemnity provisions as possible.

Employment practices liability insurance is typically a focus area for private companies as the number of claims has risen over the past couple of years with the “Me Too Movement” and now “COVID19”. New claims are anticipated as people return to work and claim insufficient cleaning of facilities if they get sick. MCERA uses the County’s insurance which Mr. Vorhis believes is the best approach at this time. MCERA employees, with the exception of the Retirement Administrator and Assistant Retirement Administrator, are County employees by statute which significantly reduces this risk. This is defense coverage only and any judgment payout would not be covered by the insurance. Ms. Dunning agreed the current policy regarding employment practices is the best approach.

MCERA currently purchases \$2M worth of cyber liability insurance. Cyber policies are comprehensive and cover first- and third-party costs. If MCERA were to have a breach and experts needed to be hired to repair the system and diagnose the breach, those costs would be covered. If MCERA were sued by members for the data breach, defense costs would be covered. To the question of whether MCERA should consider increasing this coverage. Mr. Vorhis said, given the size of MCERA and its member base, the current policy covers quite a bit. Still, reviewing the policy may be worth looking at sooner than the next renewal period.

The Property and All Risk policy covers MCERA’s building and the property in the building. Additionally, there is a Difference in Condition policy covering floods and earthquakes, which most property policies do not cover. Trustee Block asked if MCERA has business continuity coverage. Mr. Vorhis replied that there is a small aspect of business interruption coverage, but it is not very robust. Crime Infidelity Insurance is purchased by MCERA in a pooled policy with other public agencies. MCERA has \$15M in coverage in this policy. Cyber theft is not covered under this policy unless it is cyber theft on the premises.

Other insurance MCERA might consider includes mechanical breakdown and Director/Board insurance. Mr. Vorhis noted that MCERA is limited in its mechanical dependence and the Director/Board insurance would be redundant coverage, so he would recommend neither. Mr. Vorhis concluded that MCERA should remain vigilant about its insurance policies and expect premium increases in the next couple of years as that is the current trend. Trustee Block suggested a global review of insurance coverage every couple of years. Ms. Dunning noted there is a policy to review the insurance annually, particularly the fiduciary coverage, but an overall review is an option.

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6. Annual Audit of Financial Statements Update  
Update on audit process

Mr. Wickman reported that the Audit Committee met with the auditors of Brown Armstrong. There is a new partner, Rosalva Flores, responsible for overseeing the process this year. The audit schedule was reviewed, and no delays are anticipated. The Committee discussed concerns about private investment valuations given the current market environment. The auditor is aware of this and they will be modifying their questionnaires regarding the real estate valuations.

7. Future Meetings  
Consider possible agenda topics for future meetings

The next meeting will take place in August with no anticipated change to the virtual format.

There being no further business, the meeting was adjourned by Chair Werby at 11:00 a.m.

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Jeff Wickman, Retirement Administrator

On Behalf of:  
Todd Werby, Committee Chair

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Michelle Hardesty, Assistant Retirement Administrator

On Behalf of:  
Jeff Wickman, Retirement Administrator

For consideration at November Committee meeting

## **MINUTES**

### **FINANCE AND RISK MANAGEMENT COMMITTEE MEETING MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION (MCERA)**

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

**August 19, 2020 – 9:30 a.m.**

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

The Board of Retirement encourages a respectful presentation of public views to the Committee. The Committee, 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 Committee meetings.

#### **CALL TO ORDER**

Chair Werby called the meeting to order at 9:35 a.m.

#### **ROLL CALL**

PRESENT: Block, Given, Klein, Murphy, Werby

ABSENT: None

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

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

No members of the public provided comment.

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. NEW BUSINESS**

### **1. Administrative Budget Fiscal Year 2019/20 Quarterly Review**

Consider and review expenses for quarter ending June 30, 2020

La Valda Marshall, Accounting Unit Manager, presented the quarterly budget review for the quarter ending June 30, 2020. Ms. Marshall reported total expenses for the quarter were \$913,866, of which \$702,801 is Salaries and Benefits. Salaries and Benefits are lower than the budgeted amount due to a Workers' Compensation refund during the quarter and two vacant positions during the quarter. Services and Supplies totaled \$217,540 for the quarter. Document reproduction costs were over the budgeted amount due to more mailing activity than was planned. Electronic supplies exceeded the budgeted amount as a result of computers purchased to support remote work during the pandemic. In Interdepartmental Charges there was an accrual reversal for telephone charges. Chair Werby asked if the utilities owner allocation can be smoothed out. Ms. Marshall replied the expenses are cash basis paid monthly, and there have been historical timing issues for receiving billing amounts.

Total administrative expenses for the fiscal year were \$3.8 million, 82% of the budgeted amount. Of that amount, \$2.4 million is for Salaries and Benefits and \$1.1 million is for Services and Supplies expenses.

### **2. Non-budgeted Expenses**

Consider and review non-budgeted expenses for the quarter

Total non-budgeted expenses for the quarter ending June 30, 2020 were \$43.9 million; of that amount \$40.8 million was primarily for retiree payroll and refund of contributions. The remainder is for computer, legal, actuarial and investment expenses. There was an accrual reversal for County Counsel and a reclass from one category to another in Nossaman expenses. Legal reimbursements received were \$640.

Non-budgeted expenditures for the fiscal year totaled \$171.7 million, of which \$158.4 million is primarily related to retirement payroll and refund of contributions. Total Legal, Actuary and Investment expenses were \$12.9 million. Total membership expenses were 6% higher than the prior fiscal year and computer expenses were slightly lower.

Ms. Marshall noted that retiree payroll has increased since the prior fiscal year. Chair Werby asked what the expectation is for the number of retirees and the amount attributed to the annual Cost of Living Adjustment (COLA). Mr. Wickman said most of the retiree payroll increase is attributable to the annual COLA.

### **3. Quarterly Checklist**

Consider, review and updates on the following:

#### **a. MCERA educational and event-related expenses**

The Administrator reported educational and event-related expenses include a balance of Board member and staff expenses for conferences and educational events.

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b. Continuing Trustee Education Log

The majority of Board members have achieved or made a significant progress toward the 24 hours of training every two years.

c. Other expenses per Checklist Guidelines

A list of credit card expenditures was presented for the Committee's review. A credit card has been added for the Retirement Administrator. There were camera purchases to support remote access work and refunds received for some purchases at Amazon. The MCERA domain name expired in early June and we have added a contact so that notices will be received in a timely manner.

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

See discussion above.

e. Vendor services provided to MCERA

No new vendor services during the period.

f. MCERA staffing status

There is a Senior Accounting Assistant vacancy. The vacant Assistant Accountant position will be left vacant for the time being.

g. Internal controls, compliance activities and capital calls

For the fiscal year in the private equity program, MCERA received \$19 million in distributions from Abbott and paid \$15.5 million in capital calls. Pathway distributed \$39.9 million and was paid \$27 million in capital calls. The capital call report also shows rebalancing activities for the fiscal year to date. Chair Werby asked for a comparison of capital calls and distributions over the life of the private equity program. Mr. Wickman said this data is included in the Callan quarterly investment book and he will include it in future Committee reports. Trustee Murphy agreed this would be useful information.

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

No other investigations or inquiries in the period.

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

The Administrator reported there is a cash need of \$9 million over the next three months. Staff have sent information to Callan to help identify the source of funds from the portfolio.

Mr. Wickman reported that all County General Fund Departments have been asked to develop 5% budget reduction plans and an additional 2.5% reduction plan. MCERA

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expenses are not part of the County general fund and therefore MCERA has not been asked to develop reduction plans. Mr. Wickman noted however that MCERA's administrative budget is charged back to the County and other plans sponsors as an explicit rate that is added to the employer contribution rates. The Administrator stated that he believed it would be good for MCERA to go through a similar exercise to review its budget for 2021-22 to see if there have been areas of efficiency that have led to operational savings. Chair Werby asked about comparing our budget to other CERL systems and Mr. Wickman said he has that information for similar-sized systems. There are unique characteristics such as the number of tiers MCERA has, he said.

The Administrator recessed Open Session and reconvened in Closed Session at 10:08 a.m.

4. Threat to Services Provided by MCERA (Gov. Code sec. 54957(a)) (Closed Session)  
Consultation with: Cyber security consultant Peter Dewar, Linea Secure

Mr. Wickman recessed Closed Session and reconvened in Open Session at 10:43 a.m.

Nothing to report on this agenda item.

5. Information Technology Security Assessment Report  
Staff report on risk planning and processes for MCERA

Mr. Wickman said the Information Technology Security Assessment Report is an annual report dated as of June 30, 2019. The assessment evaluates MCERA's compliance with the policies and procedures documented in the IT Security Assessment. The report includes a description of the techniques used, the outline of the risk model, and the detailed findings and recommended controls. The Administrator said staff have already started on the 2019/20 fiscal year report. Assistant Retirement Administrator Michelle Hardesty said staff was delayed in completing the 2018/19 report for multiple reasons. She introduced Syd Fowler, Department Analyst, to review the report.

Ms. Fowler stated said this assessment is largely the same as the prior year's report. MCERA has had significant changes since the date of the report. These include CPAS moving to a cloud-hosted environment and the Linea Secure cyber assessment, which will be included in the next report. The only finding in the June 30, 2019 report was that the CPAS employer portal contained an active user login for someone who had terminated employment. Staff confirmed that the user had not accessed or attempted to access the portal since leaving employment and removed the access for the individual.

Anticipated areas of risk for the next fiscal year include results of the County Information Services Technology Department's (IST) third-party risk assessment for County networks that was initiated on June 12, 2019. Staff will be discussing those results with IST. In addition, the IST group plans to implement multiple device management which will allow staff to manage trustee and staff iPads more efficiently. Staff is expecting SAP to be fully phased out and replaced by MUNIS for the system of record for all financial and human resource functions.



For consideration at November Committee meeting

In conclusion, Ms. Fowler directed attention to the checklist at the end of the report that is reviewed for each business tool to identify risk. It was through this process that the finding discussed above was discovered. There are no other findings to report.

6. Annual Audit of Financial Statements Update

Update on audit process

Mr. Wickman said the annual audit is ongoing and the Audit Committee will meet later today to discuss interim field work. There are no timing delays so the final financial statements as of June 30, 2020 will be presented for the approval by the Board by the end of the calendar year.

7. Future Meetings

Consider possible agenda topics for future meetings

Trustee Block commended staff for undergoing the cyber security assessments. Mr. Wickman acknowledged the cooperation of Information Technology Department personnel who have been very good partners. There will be continuing visibility to this area through ongoing discussions with the Board and this Committee.

Trustee Given asked for a report at the next meeting on how CPAS is working out after being acquired. The Administrator noted there have been multiple sales of CPAS which was recently purchased by a private equity firm Avenu. He said staff can plan a discussion of CPAS for a future Committee meeting. In terms of security CPAS has been responsive. The Administrator noted that support for our business software is a different question.

There being no further business, Chair Werby adjourned the meeting at 10:54 a.m.

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Jeff Wickman  
Retirement Administrator

On Behalf of:  
Todd Werby, Committee Chair

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Michelle Hardesty  
Assistant Retirement Administrator

On Behalf of:  
Jeff Wickman, Retirement Administrator

# B.1

	FY 19/20 Actual Expenses	FY 20/21 Approved Budget	July	August	September	1st Qtr. Total	Percentage of Budget used	NOTES
<b>Salaries and Benefits</b>		<b>26 PP</b>	<b>2 PP</b>	<b>2 PP</b>	<b>2 PP</b>	<b>6 PP</b>		<b>QTD</b> - Quarter-to-Date <b>SL</b> - Straight Line <b>WCI</b> - Workers' Comp Ins <b>SAA</b> - Sr. Accounting Asst. <b>FTE</b> - Full Time Equivalent <b>PP</b> - Payperiod <b>GF</b> - General Fund <b>AA</b> - Accounting Asst.
Regular Staff Salaries	1,540,503	2,000,684	131,076	130,675	171,105	432,856	21.6%	(1) Sep'2020 includes a <b>\$29.8K</b> non-recurring FY 18/19 reclass from Cnty GF to MCERA's Admin. (7007) Fund. Master file had incorrect Org. and (2) QTD a <b>2.0 FTE</b> vacancy factor for SAA and AA positions.
Extra-Hire	0	0	0	0	0	0	0.0%	
Overtime	60	0	0	0	0	0	0.0%	
Employee Benefits	217,721	258,143	18,355	18,363	32,452	69,170	26.8%	
Retirement Benefits	292,963	427,995	24,623	25,876	35,175	85,674	20.0%	
Retirement Benefits - OPEB	164,193	196,750	14,072	10,621	15,027	39,720	20.2%	
Ret POB Debt Svc. Misc.	80,706	97,866	6,910	7,148	9,499	23,557	24.1%	
Auto Allowance	9,227	9,950	738	738	738	2,214	22.3%	
Unused Fringe Benefits	18,621	0	1,435	1,430	1,430	4,295	0.0%	
Workers Comp. Insurance	32,026	71,003	5,300	(6,718)	7,887	6,469	9.1%	Includes <b>\$12.8K</b> QTD credit for WCI refund.
Medicare	22,456	28,612	1,910	1,900	2,469	6,279	21.9%	
<b>Total Salaries and Benefits</b>	<b>2,378,476</b>	<b>3,091,003</b>	<b>204,419</b>	<b>190,033</b>	<b>275,782</b>	<b>670,234</b>	<b>21.7%</b>	<b>QTD actual is 3.32% under SL budget due to WCI credit and team vacancies.</b>
<b>Services and Supplies</b>								
Professional Services	57,395	52,000	529	8,581	9,689	18,799	36.2%	QTD actual is over the SL budget by 11.2% due to Brown Armstrong providing services, billing and receiving payment at 38.2% of annual <b>\$49.0K</b> contract.
Innovest - Retiree payroll processing	41,572	38,000	0	2,732	2,757	5,489	14.4%	
Records Retention	3,789	3,800	255	255	255	765	20.1%	
Bank Charges	2,770	6,000	537	845	25	1,407	23.4%	
Insurance Premiums	76,599	77,000	3,510	5,163	0	8,673	11.3%	
Utilities (1 Mclnnis owner allocation)	171,484	191,090	26,059	50	16,044	42,153	22.1%	
Memberships & Dues	16,539	15,000	0	0	200	200	1.3%	
Subscriptions	7,136	7,500	117	0	144	261	3.5%	
Conferences/Training	18,974	26,000	(3,000)	320	550	(2,130)	-8.2%	QTD actual is under the SL budget by 33.2% due to the <b>\$3.0K</b> CalAPRS cancellation/refund of the Management Academy 2020 attendance fee. See the Education Summary.
Travel and Mileage	16,554	30,000	0	0	0	0	0.0%	
Document Reproduction Costs	32,771	32,200	1,750	1,665	1,665	5,080	15.8%	
Medical Examinations	9,263	12,000	0	0	1,002	1,002	8.4%	
Investigations	912	2,000	0	0	0	0	14.4%	Combined Investigations, Transcribing, Medical Record Review and Hearings budget utilization.
Transcribing/Medical Record Review	96,614	130,000	4,677	187	10,700	15,564		
Hearings	48,555	65,000	600	7,125	5,000	12,725		
Board Election Fees	550	1,000	0	0	0	0	0.0%	
Board Remuneration (gross pay)	7,860	8,480	1,100	400	800	2,300	27.1%	
Board Pmts (ER Liab., ADP & Bank fees)	2,045	2,120	194	129	79	402	19.0%	
Office Expense and Supplies	11,336	8,600	7,766	247	1,265	9,278	107.9%	QTD actual is over the SL budget by 82.9% due to the non-recurring purchase of sneeze guards (COVID 19 related) at <b>\$7.2K</b> .
Office expenses - phone	2,743	2,500	1,058	383	777	2,218	88.7%	QTD actual is over the SL budget by 63.7% due to the FY 19/20 cell phone and trustee data services not billed or paid until this FY 20/21 quarter.
Electronic Supplies	10,268	5,300	713	218	1,774	2,705	51.0%	QTD is over the SL budget by 26.0% due to the <b>\$1.8K</b> purchase of 2 ACER Laptops to support effective staff telework, due to shelter-in-place state/county order.
Ergonomic Supplies	0	1,000	0	0	0	0	0.0%	
Office Supplies - Postage	1,439	2,000	61	97	102	260	13.0%	
Miscellaneous - Food	6,612	8,000	0	0	0	0	0.0%	
Depreciation Expense	479,930	477,571	0	0	119,393	119,393	25.0%	QTD accrual at 25% of annual FY budget.
<b>Total Services and Supplies</b>	<b>1,123,710</b>	<b>1,204,161</b>	<b>45,926</b>	<b>28,397</b>	<b>172,221</b>	<b>246,544</b>	<b>20.5%</b>	<b>QTD actual is 4.5% under SL budget due to Services &amp; Supplies category trending lower than anticipated.</b>
<b>Interdepartmental Charges</b>								
Telephone Charges	12,950	25,900	0	0	6,475	6,475	25.0%	QTD accrual at 25% of annual FY budget.
Cost Allocation Plan (Inter-fund charges)	307,896	307,895	0	0	76,974	76,974	25.0%	QTD accrual at 25% of annual FY budget.
<b>Total Interdepartmental Charges</b>	<b>320,846</b>	<b>333,795</b>	<b>0</b>	<b>0</b>	<b>83,449</b>	<b>83,449</b>	<b>25.0%</b>	<b>QTD accrual at 25% of annual FY budget.</b>
<b>TOTAL</b>	<b>3,823,032</b>	<b>4,628,959</b>	<b>250,345</b>	<b>218,430</b>	<b>531,452</b>	<b>1,000,227</b>	<b>21.6%</b>	<b>QTD actual is 3.4% under the SL budget.</b>

# B.1

	FY 19/20 Actual Expenses	FY 20/21 Approved Budget	1st Qtr. Total	FYTD	Percentage of Budget used
<b>Salaries and Benefits</b>		<b>26 PP</b>	<b>6 PP</b>	<b>6 PP</b>	
Regular Staff Salaries	1,540,503	2,000,684	432,856	432,856	21.6%
Extra-Hire	0	0	0	0	0.0%
Overtime	60	0	0	0	0.0%
Employee Benefits	217,721	258,143	69,170	69,170	26.8%
Retirement Benefits	292,963	427,995	85,674	85,674	20.0%
Retirement Benefits - OPEB	164,193	196,750	39,720	39,720	20.2%
Ret POB Debt Svc. Misc.	80,706	97,866	23,557	23,557	24.1%
Auto Allowance	9,227	9,950	2,214	2,214	22.3%
Unused Fringe Benefits	18,621	0	4,295	4,295	0.0%
Workers Comp. Insurance	32,026	71,003	6,469	6,469	9.1%
Medicare	22,456	28,612	6,279	6,279	21.9%
<b>Total Salaries and Benefits</b>	<b>2,378,476</b>	<b>3,091,003</b>	<b>670,234</b>	<b>670,234</b>	<b>21.7%</b>
<b>Services and Supplies</b>					
Professional Services	57,395	52,000	18,799	18,799	36.2%
Innovest - Retiree payroll processing	41,572	38,000	5,489	5,489	14.4%
Records Retention	3,789	3,800	765	765	20.1%
Bank Charges	2,770	6,000	1,407	1,407	23.4%
Insurance Premiums	76,599	77,000	8,673	8,673	11.3%
Utilities (1 McInnis owner allocation)	171,484	191,090	42,153	42,153	22.1%
Memberships & Dues	16,539	15,000	200	200	1.3%
Subscriptions	7,136	7,500	261	261	3.5%
Conferences/Training	18,974	26,000	(2,130)	(2,130)	-8.2%
Travel and Mileage	16,554	30,000	0	0	0.0%
Document Reproduction Costs	32,771	32,200	5,080	5,080	15.8%
Medical Examinations	9,263	12,000	1,002	1,002	8.4%
Investigations	912	2,000	0	0	0.0%
Transcribing/Medical Record Review	96,614	130,000	15,564	15,564	12.0%
Hearings	48,555	65,000	12,725	12,725	19.6%
Board Fees	550	1,000	0	0	0.0%
Board Fees (gross pay)	7,860	8,480	2,300	2,300	27.1%
Board Fees (ER Liab., ADP & Bank fees)	2,045	2,120	402	402	19.0%
Office Expense and Supplies	11,336	8,600	9,278	9,278	107.9%
Office expenses - phone	2,743	2,500	2,218	2,218	88.7%
Electronic Supplies	10,268	5,300	2,705	2,705	51.0%
Ergonomic Supplies	0	1,000	0	0	0.0%
Office Supplies - Postage	1,439	2,000	260	260	13.0%
Miscellaneous - Food	6,612	8,000	0	0	0.0%
Depreciation Expense	479,930	477,571	119,393	119,393	25.0%
<b>Total Services and Supplies</b>	<b>1,123,710</b>	<b>1,204,161</b>	<b>246,544</b>	<b>246,544</b>	<b>20.5%</b>
<b>Interdepartmental Charges</b>					
Telephone Charged	12,950	25,900	6,475	6,475	25.0%
Cost Allocation Plan (Inter-fund charges)	307,896	307,895	76,974	76,974	25.0%
<b>Total Interdepartmental Charges</b>	<b>320,846</b>	<b>333,795</b>	<b>83,449</b>	<b>83,449</b>	<b>25.0%</b>
<b>TOTAL</b>	<b>3,823,032</b>	<b>4,628,959</b>	<b>1,000,227</b>	<b>1,000,227</b>	<b>21.6%</b>

**MCERA Non-Budgeted Expenses**  
**FY 20/21 Quarter Ending September 30, 2020, by month**

**B.2**

	July	August	September	1st Qtr. Expenses
Retiree Payroll	13,536,730	13,551,998	13,660,690	40,749,418
Retiree Death benefit paid	40,000	35,000	35,000	110,000
Active member death benefit	0	0	0	0
Refund of Contributions	219,025	288,185	4,131	511,341
<b>Total Retirement member expense</b>	<b>13,795,755</b>	<b>13,875,183</b>	<b>13,699,821</b>	<b>41,370,759</b>
Personal Computer Lease (Accrual)	0	0	0	0
CPAS	0	0	12,960	12,960
Business Systems (Accountmate)	0	0	0	0
IBM - Cognos systems	0	0	19,916	19,916
Oracle America	0	0	0	0
<b>Total Computer expense</b>	<b>0</b>	<b>0</b>	<b>32,876</b>	<b>32,876</b>
Linea Secure, LLC (Cybersecurity)	0	0	10,000	10,000
Insight Public Sector, Inc.	8,150	0	16,300	24,450
<b>Total Security Services expense</b>	<b>8,150</b>	<b>0</b>	<b>26,300</b>	<b>34,450</b>
<b>Legal</b>	<b>0</b>	<b>12,533</b>	<b>63,655</b>	<b>76,188</b>
County Counsel	0	0	23,282	23,282
Ice Miller LP	0	0	0	0
Nossaman	0	12,533	40,373	52,906
Cheiron Inc. (Actuary)	0	0	21,088	21,088
Appraisals (1 McInnis)	0	0	0	0
Investment Managers	240,940	250,167	2,399,264	2,890,371
Callan (Investment Consultant)	0	0	75,500	75,500
State Street (Custodian)	0	0	103,374	103,374
Woodmont Consulting Services	0	0	26,675	26,675
Investment Education Expense	0	0	7,500	7,500
<b>Total Legal, Actuary &amp; Investment expense</b>	<b>240,940</b>	<b>262,700</b>	<b>2,697,056</b>	<b>3,200,696</b>
<b>Total Fund Expenses</b>	<b>14,044,845</b>	<b>14,137,883</b>	<b>16,456,053</b>	<b>44,638,781</b>
<b>Nossaman</b>				
General Counsel	0	7,562	31,014	38,576
1 McInnis Parkway Leasing	0	714	4,879	5,593
Investment	0	905	0	905
MAPE	0	3,352	4,480	7,832
Greene	0	0	0	0
Brown	0	0	0	0
Rose	0	0	0	0
<b>Total Nossaman Expense</b>	<b>0</b>	<b>12,533</b>	<b>40,373</b>	<b>52,906</b>
Reimbursement from Hudson Ins. regarding V. Greene	0	0	0	0
D. Brown	(360)	0	0	(360)
<b>Total Legal Reimbursement</b>	<b>(360)</b>	<b>0</b>	<b>0</b>	<b>(360)</b>

## B.2

### MCERA Non-Budgeted Expenses FY 20/21 Quarter Ending September 30, by quarter

	<b>FY 19/20 Actual Expenses</b>	<b>1st Qtr. Expenses</b>	<b>FYTD Total</b>
Retiree Payroll	156,896,425	40,749,418	40,749,418
Retiree Death benefit paid	250,000	110,000	110,000
Active member death benefit	324,104	0	0
Refund of Contributions	931,012	511,341	511,341
<b>Total Retirement member expense</b>	<b>158,401,541</b>	<b>41,370,759</b>	<b>41,370,759</b>
Personal Computer Lease (Accrual)	0	0	0
CPAS	180,441	12,960	12,960
Business Systems (Accountmate)	2,351	0	0
IBM - Cognos systems	19,315	19,916	19,916
Oracle America	4,910	0	0
<b>Total Computer expense</b>	<b>207,017</b>	<b>32,876</b>	<b>32,876</b>
Linea Secure, LLC (Cybersecurity)	66,500	10,000	10,000
Insight Public Sector, Inc.	57,357	24,450	24,450
<b>Total Security Services</b>	<b>123,857</b>	<b>34,450</b>	<b>34,450</b>
<b>Legal</b>	<b>452,056</b>	<b>76,188</b>	<b>76,188</b>
County Counsel	93,126	23,282	23,282
Ice Miller LP	4,164	0	0
Nossaman	354,766	52,906	52,906
Cheiron Inc. (Actuary)	152,679	21,088	21,088
Appraisals (1 McInnis)	3,000	0	0
Investment Managers	11,507,860	2,890,371	2,890,371
Callan (Investment Consultant)	355,250	75,500	75,500
State Street (Custodian)	415,297	103,374	103,374
Woodmont Consulting Services	30,929	26,675	26,675
Investment Education Expense	9,850	7,500	7,500
<b>Total Legal, Actuary &amp; Investment expense</b>	<b>12,926,921</b>	<b>3,200,696</b>	<b>3,200,696</b>
<b>Total Fund Expenses</b>	<b>171,659,336</b>	<b>44,638,781</b>	<b>44,638,781</b>
<b>Nossaman</b>			
General Counsel	240,036	38,576	38,576
One McInnis Parkway Leasing	64,165	5,593	5,593
Investment	1,952	905	905
MAPE	390	7,832	7,832
Greene	12,067	0	0
Brown	31,845	0	0
Rose	4,311	0	0
<b>Total Nossaman Expense</b>	<b>354,766</b>	<b>52,906</b>	<b>52,906</b>
Reimbursement from Hudson Ins. regarding V. Greene	(2,933)	0	0
David Brown	(30,772)	(360)	(360)
<b>Total Legal Reimbursement</b>	<b>(33,705)</b>	<b>(360)</b>	<b>(360)</b>

## B.2

### Investment Managers' Fees FY20/21 Quarter Ending September 30, 2020

Fees:

<u>Investment Manager</u>	<u>Market Value</u>	<u>Annualized %</u>	<u>July</u>	<u>August</u>	<u>September</u>	<u>Quarter Total</u>	<u>FY 19/20 IM fees</u>
AEW Core Property	103,886,042	0.8906%	0	0	231,301	231,301	932,369
Abbott Fund VI	56,938,370	0.7934%	37,644	37,644	37,644	112,932	501,912
Abbott Fund VII	39,702,873	0.8564%	28,333	28,333	28,333	84,999	339,996
Abbott Investors 2016	37,842,893	0.7003%	22,083	22,083	22,083	66,249	264,996
Abbott Investors 2017	8,448,517	0.8877%	6,250	6,250	6,250	18,750	65,628
Artisan International Growth Fund	194,234,277	0.8050%	0	0	390,895	390,895	1,445,669
BlackRock TIPS	42,169,938	0.0301%	0	0	3,176	3,176	13,460
BlackRock US Real Estate	35,141,271	0.0615%	0	0	5,400	5,400	26,878
Colchester Global Investors	146,467,639	0.4220%	51,766	52,324	50,445	154,535	562,014
DFA Small Cap Core	215,807,667	0.3361%	0	0	181,335	181,335	768,730
Eaton Vance Structured	93,540,463	0.7871%	0	0	184,064	184,064	746,347
Invesco	42,215,278	0.6905%	23,553	24,909	24,408	72,870	262,030
KBI Global Resources Solutions	49,777,416	0.8310%	0	0	103,418	103,418	367,330
Morgan Stanley	174,195,470	0.5504%	0	0	239,682	239,682	950,572
Parametric (overlay program)	34,173,351	0.4057%	0	0	34,662	34,662	147,721
Pathway Fund 2008	60,624,620	0.8907%	0	0	135,000	135,000	583,533
Pathway I7-3	37,823,254	0.8328%	0	0	78,750	78,750	315,000
Pathway I8-9	48,611,998	0.8301%	0	0	100,887	100,887	403,548
Pathway I9-3	7,466,795	1.5402%	0	0	28,751	28,751	93,203
SSgA S&P 500 Index Strategy	588,986,582	0.0297%	0	0	43,750	43,750	193,750
TimesSquare	109,578,571	0.8238%	71,311	78,624	75,736	225,671	790,584
UBS Realty Investment	118,312,747	0.6315%	0	0	186,788	186,788	913,825
Wellington	281,535,804	0.1605%	0	0	112,997	112,997	466,555
Western Asset	149,658,271	0.2499%	0	0	93,509	93,509	352,214
<b>Total</b>	<b>\$2,677,140,107</b>	<b>0.4319%</b>	<b>\$240,940</b>	<b>\$250,167</b>	<b>\$2,399,264</b>	<b>\$2,890,371</b>	<b>\$11,507,864</b>

**MCERA Education and Due Diligence Expense Summary FY 20/21**  
**FY 20/21 Quarter Ending September 30, 2020** B.3.a

<u>Trustee</u>	<u>Date</u>	<u>Conference</u>	<u>Location</u>	<u>1st quarter</u>	<u>Year to Date</u>
<b>Trustee expense</b>				<b>\$0.00</b>	<b>\$0.00</b>
<u>Administrator</u>	<u>Date</u>	<u>Conference</u>	<u>Location</u>	<u>1st quarter</u>	<u>Year to Date</u>
J. Wickman	9/24/2020	Administrators Institute 2020	Virtual	500.00	\$500.00
<u>Employee</u>					
L. Marshall	7/15/2020	CALAPRS MGMT Academy <i>Refund</i>	n/a	(3,000.00)	(\$3,000.00)
	8/21/2020	GFOA Internet Training	Virtual	85.00	\$85.00
	8/28/2020	GFOA Internet Training	Virtual	85.00	\$85.00
	9/16/2020	CALAPRS Accountants Roundtable	Virtual	50.00	\$50.00
K. Hawkins	9/10/2020	CALAPRS Benefits Roundtable	Virtual	50.00	\$50.00
D. Sousa	9/10/2020	CALAPRS Benefits Roundtable	Virtual	50.00	\$50.00
L. Jackson	9/16/2020	CALAPRS Accountants Roundtable	Virtual	50.00	\$50.00
<b>Administrator and Employee expense</b>				<b>(\$2,130.00)</b>	<b>(\$2,130.00)</b>
<b>Counsel/Other expense</b>				<b>\$0.00</b>	<b>\$0.00</b>
<b>TOTAL MCERA Education and Due Diligence Expense</b>				<b>(\$2,130.00)</b>	<b>(\$2,130.00)</b>

B.3.b

**MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
CONTINUING TRUSTEE EDUCATION SUMMARY  
Wednesday, September 30, 2020**

**24 hours required by September 1, 2020**

Trustee Jones 60.40

**24 hours required by November 1, 2020**

Trustee Thomas 77.24

**24 hours required by December 31, 2020**

Trustee Cooper 47.25

Trustee Given 26.92

Trustee Shaw 25.92

**24 hours required by January 24, 2021**

Trustee Silberstein 28.87

**24 hours required by August 25, 2021**

Trustee Murphy 19.92

**24 hours required by October 17, 2021**

Trustee Klein 8.42

**24 hours required by November 1, 2021**

Trustee Block 8.92

Trustee Gladstern 6.42

Trustee Poirier 6.42

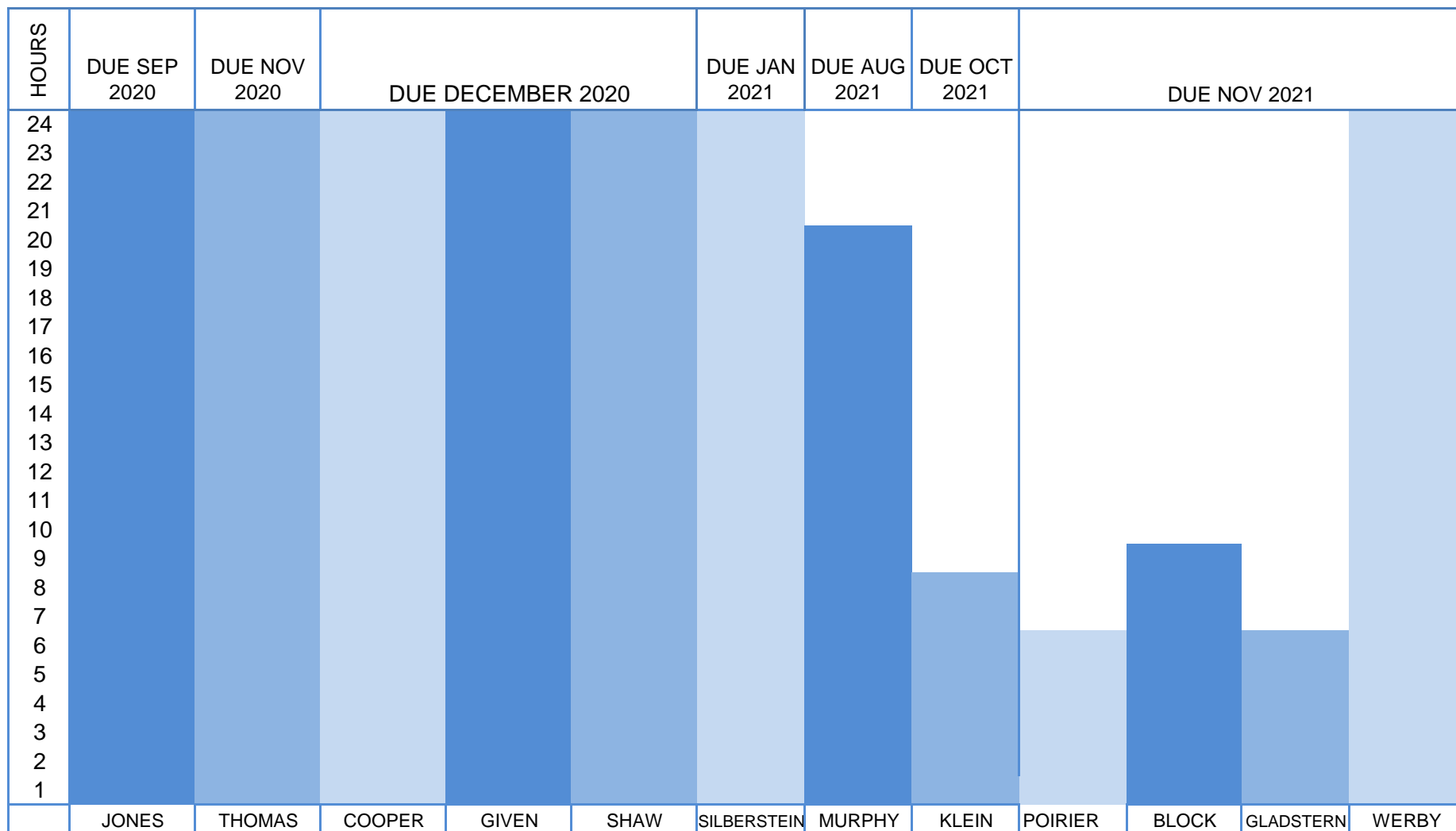
Trustee Werby 29.42



### B.3.b

## CONTINUING TRUSTEE EDUCATION QUARTERLY SUMMARY CHART

Wednesday, September 30, 2020



### B.3.b

MCERA CONTINUING TRUSTEE EDUCATION LOG												
TRUSTEE Master Log				TOPIC								
HOURS	DATE	SPONSOR	EVENT/SEMINAR	PENSION LAW	INVESTMENT PERFORMANCE MEASUREMENT ASSET ALLOCATION AND INVESTMENT MANAGEMENT ACTUARIAL EVALUATION AND PROCESS	BENEFITS ADMINISTRATION	DISABILITY RETIREMENT	BOARD GOVERNANCE, ETHICS, & FIDUCIARY OBLIGATIONS	ORGANIZATION BUDGET & AUDIT PROCEDURES			
24.00	The later of December 31, 2014, or two years after assuming office, and biannually thereafter.											
			See prior reports by date for earlier data.									
		SACRS	PUBLIC PENSION INVESTMENT MANAGEMENT PROGRAM									
1.50	7/15/2018	SACRS	Pension Fund and Investment Basics		X							
1.50	7/15/2018	SACRS	Return, Risk and Diversification		X							
1.50	7/15/2018	SACRS	Practical Mean-Variance Analysis		X							
1.50	7/15/2018	SACRS	CAPM and Luck vs. Skill		X							
1.75	7/16/2018	SACRS	Financial Economics for Pensions: Forecasting Assets Cook County Case		X							
1.50	7/16/2018	SACRS	Forecasting Liabilities: Actuarial Science			X						
1.50	7/16/2018	SACRS	Portfolio Management and Performance Measurement	X								
1.50	7/16/2018	SACRS	Systematic Risk and Luck vs. Skill: DFA Case Discussion		X							
1.25	7/17/2018	SACRS	Disruptive Technologies: Transforming the Future of Investment		X							
1.00	7/17/2018	SACRS	Keynote Speaker - Robert Reich		X							
1.50	7/17/2018	SACRS	Real Assets		X							
1.25	7/17/2018	SACRS	Alternative Investment Strategies: PE Case Discussion		X							
1.50	7/17/2018	SACRS	Alternative Investment Strategies: Hedge Funds		X							
1.25	7/18/2018	SACRS	ESG Case Discussion: Norway SWF and Walmart Case		X							
1.75	7/18/2018	SACRS	Pension Fund Governance Panel					X				
1.00	7/18/2018	SACRS	Behavioral Finance: Overconfidence and Expertise					X				
1.50	7/18/2018	SACRS	Leadership and the Role of the Trustee					X				
2.00	8/9/2018	FPPC	Certified Public Service Ethics Education					X				
1.25	9/10/2018	Committee on Workers' Capital	Roundtable Discussion: Addressing labour Issues in Your Investments: Recent Trustee Experiences					X				
1.25	9/10/2018	Committee on Workers' Capital	Asset Manager Accountability: Moving Managers from Talk to Action					X				
28.75	Hours for Quarter Ending September 30, 2018											
2.00	10/5/2018	FPPC	Certified Public Service Ethics Education					X				
0.75	10/15/2018	CRCEA	Public Employee Pension Rights Under Judicial Attack - Will the "California Rule" Survive?	X								
2.00	10/18/2018	Nossaman	Fiduciaries' Forum: Key Pension Litigation Nationally with a Focus on California, etc.	X								

### B.3.b

[illegible]

## B.3.b

## MCERA CONTINUING TRUSTEE EDUCATION LOG

TRUSTEE Master Log

				TOPIC									
HOURS	DATE	SPONSOR	EVENT/SEMINAR	PENSION LAW	INVESTMENT PERFORMANCE MEASUREMENT	ASSET ALLOCATION AND INVESTMENT MANAGEMENT	ACTUARIAL EVALUATION AND PROCESS	BENEFITS ADMINISTRATION	DISABILITY RETIREMENT	BOARD GOVERNANCE, ETHICS, & FIDUCIARY OBLIGATIONS	ORGANIZATION BUDGET & AUDIT PROCEDURES		
1.00	10/24/2018	CII	Addressing Portfolio ESG Risk Through Active Stewardship							X			
1.00	10/24/2018	CII	The Growing Risk of Sexual Harassment in the Workplace							X			
1.00	10/24/2018	CII	Understanding Climate Change-related Risks and Opportunities with Portfolio Holdings			X							
1.00	10/25/2018	CII	Shareholder Activism Abroad							X			
1.33	10/25/2018	CII	Promoting Racial and Ethnic Diversity on Public Company Boards & Shareholder Initiatives							X			
1.00	10/26/2018	CalAPRS	Trustee Roundtable: Leveraging Your Manager's Best Ideas - Managed Custody Accounts and the Role of Partnership in Dynamic Portfolio Management			X							
1.25	10/26/2018	CalAPRS	Trustee Roundtable: Cybersecurity for Trustees - What to Know, What to Ask, What to Do							X			
1.00	10/26/2018	CalAPRS	Trustee Roundtable: Cryptocurrency, Blockchain and how Blockchain is being applied in the Real Estate Industry			X							
1.00	10/30/2018	MCERA	Strategic Workshop: Board Governance at MCERA							X			
1.00	10/30/2018	MCERA	Strategic Workshop: Fat Tails and Black Swans - Risk Mitigation Strategies			X							
1.00	10/30/2018	MCERA	Strategic Workshop: Asset Allocation Case Study - Functionally Focused Portfolio			X							
1.50	10/30/2018	MCERA	Strategic Workshop: Quantitative and Qualitative Factors for Hiring Investment Managers			X							
1.00	10/31/2018	MCERA	Strategic Workshop: Corporate Governance - General Education and Legal Requirements							X			
1.00	10/31/2018	MCERA	Strategic Workshop: Corporate Governance - Pension System View of Good Governance							X			
1.00	10/31/2018	MCERA	Strategic Workshop: A Private Equity Primer on the Beginning, the Middle and the End			X							
			FALL SACRS CONFERENCE										
2.00	11/13/2018	SACRS	Advanced Trustee Training							X			
2.00	11/13/2018	SACRS	Disability-Ops - The Heart, Cancer, Blood-borne Infectious Diseases, and Biochemical Substances Presumptions Under CERL						X				
1.00	11/14/2018	SACRS	General Session - Navigating Global Economic Uncertainty: An Unconventional Approach			X							
1.00	11/14/2018	SACRS	General Session - Midterm Elections	X									
3.00	11/14/2018	SACRS	Concurrent Session - Ops-Benefits Breakout and Disability Breakout					X					
3.00	11/14/2018	SACRS	Concurrent Session - Trustee Breakout - How Boards Can Work Through Challenging Meetings Together							X			
3.00	11/14/2018	SACRS	Concurrent Session - Safety Breakout					X					





### B.3.b

## MCERA CONTINUING TRUSTEE EDUCATION LOG

TRUSTEE Master Log

**TOPIC**

HOURS	DATE	SPONSOR	EVENT/SEMINAR	PENSION LAW	INVESTMENT PERFORMANCE MEASUREMENT	ASSET ALLOCATION AND INVESTMENT MANAGEMENT	ACTUARIAL EVALUATION AND PROCESS	BENEFITS ADMINISTRATION	DISABILITY RETIREMENT	BOARD GOVERNANCE, ETHICS, & FIDUCIARY OBLIGATIONS	ORGANIZATION BUDGET & AUDIT PROCEDURES
1.00	5/8/2019	SACRS	General Session - Retirement Readiness for Life After Full-Time Work					X			
1.00	5/8/2019	SACRS	General Session - Risks and Opportunities in the Current Macro Environment			X					
1.00	5/8/2019	SACRS	General Session - China - The Great Disruptor			X					
1.00	5/8/2019	SACRS	General Session - The Enterprise Risks Facing California's Pension Systems			X					
1.75	5/8/2019	SACRS	Ops/Benefits & Disability Breakout						X		
1.75	5/8/2019	SACRS	Investment Breakout		X						
1.75	5/8/2019	SACRS	Trustee Breakout							X	
1.75	5/8/2019	SACRS	Safety Breakout							X	
1.00	5/9/2019	SACRS	General Session - General Wesley Clark			X					
1.00	5/9/2019	SACRS	General Session - A Q&A with Robert Smith of Vista Equity Partners							X	
1.00	5/9/2019	SACRS	General Session - An Insiders View of Washington D.C.			X					
1.00	5/9/2019	SACRS	Concurrent Session A - The Case for Non-US Equities			X					
1.00	5/9/2019	SACRS	Concurrent Session B - Why Public Fund Investors Should Consider Renewable Energy			X					
1.00	5/9/2019	SACRS	Concurrent Session C - California Supreme Court to Decide: What's Next for the 'California Rule' and Public Employee Pensions as Vested Rights	X							
1.00	5/9/2019	SACRS	Concurrent Session A - Private Equity: Primary Investment Opportunities and Considerations			X					
1.00	5/9/2019	SACRS	Concurrent Session B - Legislative Update	X							
1.00	5/10/2019	SACRS	General Session - Investing in Infrastructure			X					
0.75	5/20/2019	NCPERS	Annual Conference - Five-Year Outlook: Strategic Themes & Tactical Opportunities			X					
0.75	5/20/2019	NCPERS	Annual Conference - Legal Panel: Securities Litigation	X							
0.50	5/20/2019	NCPERS	Annual Conference - Artificial Intelligence (AI) Made Easy			X					
1.00	5/20/2019	NCPERS	Annual Conference - Adverse Scenarios and Pension Plan Health				X				
1.00	5/20/2019	NCPERS	Annual Conference - Why Costs Matter		X						
1.00	5/20/2019	NCPERS	Annual Conference - Responsible Real Estate Investing: A Primer for Public Fund Trustees and Staff			X					
0.75	5/21/2019	NCPERS	Annual Conference - Legal Panel: Benefits, Tax & Regulations	X							
0.75	5/21/2019	NCPERS	Annual Conference - Investing in a Low Growth World			X					
0.75	5/21/2019	NCPERS	Annual Conference - The Future of Public Plans in Post-Janus Decision	X							
1.00	5/21/2019	NCPERS	Annual Conference - It's Much More Than Money							X	
1.00	5/21/2019	NCPERS	Annual Conference - Informed Opportunities with Multi-Asset Strategies			X					
1.00	5/21/2019	NCPERS	Annual Conference - Social Security and Retirement Planning App					X			
0.50	5/22/2019	NCPERS	Annual Conference - The Case for New Pension Accounting Standards	X							

## B.3.b

MCERA CONTINUING TRUSTEE EDUCATION LOG												
TRUSTEE Master Log				TOPIC								
HOURS	DATE	SPONSOR	EVENT/SEMINAR	PENSION LAW	INVESTMENT PERFORMANCE MEASUREMENT	ASSET ALLOCATION AND INVESTMENT MANAGEMENT	ACTUARIAL EVALUATION AND PROCESS	BENEFITS ADMINISTRATION	DISABILITY RETIREMENT	BOARD GOVERNANCE, ETHICS, & FIDUCIARY OBLIGATIONS	ORGANIZATION	BUDGET & AUDIT PROCEDURES
0.50	5/22/2019	NCPERS	Annual Conference - ESG Integration: Expanding the Toolkit for Investment Research and Portfolio Management			X						
0.75	6/12/2019	MCERA	Actuarial Amortization and Funding Policy Review				X					
48.58	Hours for Quarter Ending June 30, 2019											
2.00	7/2/2019	MCERA	Sexual Harassment Prevention Training							X		
1.75	7/23/2019	Callan	Introduction to Investments - The Role of the Fiduciary and Investment Policy Statements			X						
1.50	7/23/2019	Callan	Introduction to Investments - Capital Market Theory and Asset Allocation			X						
1.50	7/23/2019	Callan	Introduction to Investments - Manager Structure - Defined Benefit			X						
0.75	7/23/2019	Callan	Introduction to Investments - Manager Structure - Defined Contribution			X						
1.50	7/24/2019	Callan	Introduction to Investments - Manager Search			X						
1.75	7/24/2019	Callan	Introduction to Investments - Performance Measurement		X							
2.00	8/2/2019	Marin County	Workplace Harassment Prevention							X		
2.00	9/4/2019	Nossaman	U.S. Pubic Pension Handbook: A Comprehensive Guide for Trustees and Staff					X				
0.83	9/5/2019	Nossaman	California Public Pension Litigation Update	X								
0.50	9/5/2019	Nossaman	Practical Considerations for Retirement System Trustees and Staff After the Supreme Court Rules in <i>Alameda</i>	X								
0.83	9/5/2019	Nossaman	Roles and Responsibilities of Consultants, Managers, and Investors/LPACs							X		
1.00	9/5/2019	Nossaman	Discussion of Institutional Limited Partners Association 3.0	X								
0.67	9/5/2019	Nossaman	Overview of Open-Ended vs. Close-Ended Funds	X								
0.50	9/5/2019	Nossaman	Alternative Investment Issues in PPMs, LPAs, and Subscription Agreements			X						
0.33	9/5/2019	Nossaman	Key Legal Considerations for Investments in Real Assets	X								
0.33	9/5/2019	Nossaman	Current Legal Issues in PAS System Administration and Privacy	X								
0.33	9/5/2019	Nossaman	Twists in Public Pension System Insurance Coverage for Fiduciaries	X								
0.92	9/5/2019	Nossaman	Roundtable: Top Fiduciary Issues for Public Plans							X		
2.00	9/16/2019	CII	Fall Conference - Master Class: Evaluating Pay for Performance							X		
0.75	9/16/2019	CII	Fall Conference - Dual Class Stock and the Future of Corporate Governance			X						
0.75	9/16/2019	CII	Fall Conference - Evolving the Board							X		
0.75	9/17/2019	CII	Fall Conference - Fiduciary Duty and ESG in Investment: CIO Perspectives							X		
0.50	9/17/2019	CII	Fall Conference - Public Company Accounting Oversight: Key Issues and Developments									X
0.50	9/17/2019	CII	Fall Conference - Gender Pay Equity							X		
0.25	9/17/2019	CII	Fall Conference - Lessons from the front Lines: Challenges in Renewable Energy Deployment & Transitions			X						



## B.3.b

## MCERA CONTINUING TRUSTEE EDUCATION LOG

TRUSTEE Master Log

				TOPIC									
HOURS	DATE	SPONSOR	EVENT/SEMINAR	PENSION LAW	INVESTMENT PERFORMANCE MEASUREMENT	ASSET ALLOCATION AND INVESTMENT MANAGEMENT	ACTUARIAL EVALUATION AND PROCESS	BENEFITS ADMINISTRATION	DISABILITY RETIREMENT	BOARD GOVERNANCE, ETHICS, & FIDUCIARY OBLIGATIONS	ORGANIZATION BUDGET & AUDIT PROCEDURES		
1.00	9/17/2019	CII	Fall Conference - Member-Hosted Panel: Forced Arbitration Clauses & the Repercussions for Institutional Investors	X									
1.75	9/17/2019	CII	Fall Conference - Luncheon Keynote: The Secret and Benefits of Understanding Motivation at Work							X			
1.00	9/17/2019	CII	Fall Conference - Breakout: Auditing Issues and Proxy Voting							X			
<b>30.24</b>	<b>Hours for Quarter Ending September 30, 2019</b>												
2.00	10/4/2019	TalentQuest	Preventing Discrimination and Harassment - Supervisors							X			
1.00	10/25/2019	CalAPRS	Trustees' Roundtable - Evolving themes in Environmental, Social and Governance (ESG) investing			X							
0.50	10/25/2019	CalAPRS	Trustees' Roundtable - ESG performance and integration		X								
1.00	10/25/2019	CalAPRS	Trustees' Roundtable - Inside ESG, screening metrics, performance, opportunities and investment vehicles		X								
1.00	10/25/2019	CalAPRS	Trustees' Roundtable - Practical matters of ESG including innovations and integration			X							
		SACRS	<b>SACRS FALL CONFERENCE</b>										
2.00	11/12/2019	SACRS	Trustee Training							X			
1.00	11/13/2019	SACRS	General Session - Keynote Speaker Danny Glover			X							
1.00	11/13/2019	SACRS	General Session - Disruptive Technologies and Their Impact on Pension Plan Decisions			X							
1.00	11/13/2019	SACRS	General Session - Up in Smoke			X							
3.00	11/13/2019	SACRS	Safety Breakout					X					
3.00	11/13/2019	SACRS	Trustee Breakout							X			
3.00	11/13/2019	SACRS	Attorney Breakout	X									
1.00	11/14/2019	SACRS	General Session - Managing Hyper-Growth and Innovation			X							
1.00	11/14/2019	SACRS	General Session - Current Economic and Financial Outlook			X							
1.00	11/14/2019	SACRS	General Session - The What, Why and How of Diversity and Inclusion in the Public Pension Industry Workplace							X			
1.00	11/14/2019	SACRS	Concurrent Session A - Building a Private Credit Portfolio: Implementation Approaches, Considerations and Challenges			X							
1.00	11/14/2019	SACRS	Concurrent Session B - Pursuing What You're Due - One Retirement System's Experience Suing Its Carrier	X									
1.00	11/14/2019	SACRS	Concurrent Session C - 130-30 strategies are back. Exploring the benefits of active equity extension in today's investment landscape.			X							
1.00	11/14/2019	SACRS	Concurrent Session A - Changing Consumer Patterns - The Impact on Retail and Industrial Real Estate			X							

## B.3.b

## MCERA CONTINUING TRUSTEE EDUCATION LOG

TRUSTEE Master Log

				TOPIC									
				PENSION LAW	INVESTMENT PERFORMANCE MEASUREMENT	ASSET ALLOCATION AND INVESTMENT MANAGEMENT	ACTUARIAL EVALUATION AND PROCESS	BENEFITS ADMINISTRATION	DISABILITY RETIREMENT	BOARD GOVERNANCE, ETHICS, & FIDUCIARY OBLIGATIONS	ORGANIZATION BUDGET & AUDIT PROCEDURES		
HOURS	DATE	SPONSOR	EVENT/SEMINAR										
1.00	11/14/2019	SACRS	Concurrent Session C - CalPERS & SACRS - Reciprocity, Do I Get It? Part 1 of 2 - Legal, CalPERS Guest Panels at SACRS					X					
1.00	11/14/2019	SACRS	Concurrent Session B - Risk, Mortality and Other Things That Only an Actuary Can Love				X						
1.00	11/14/2019	SACRS	General Session - SACRS System Highlights & Key Takeaways					X					
2.00	11/16/2020	FPPC	Certified Public Service Ethics Training							X			
0.67	12/11/2019	MCERA	GASB 67-68 Report				X						
0.25	12/11/2019	MCERA	Audited Financial Statements								X		
0.50	12/11/2019	MCERA	Preliminary Valuation Results				X						
30.92	Hours for Quarter Ending December 31, 2019												
		Callan	CALLAN NATIONAL CONFERENCE										
1.25	1/28/2020	Callan	Keynote Speaker: Dr. Moyo			X							
1.25	1/28/2020	Callan	Vivek Wadhuaa on how technologies will change the world			X							
1.00	1/28/2020	Callan	Diversifying Strategies in Alternatives			X							
1.00	1/28/2020	Callan	Fee Study: What Institutional Investors are Actually Paying		X								
1.25	1/29/2020	Callan	Joseph Caughlin on how global demographics, technology and changing generational behaviors are transforming business and society			X							
1.25	1/29/2020	Callan	EDD Talk on Investment Theory and Design			X							
1.75	1/29/2020	Callan	Frank Abagnale on cybersecurity and fraud prevention					X					
1.00	1/28/2020	Callan	Diversifying Strategies in Alternatives			X							
1.00	1/28/2020	Callan	Market Intel Live!			X							
2.00	various	FPPC	Public Service Ethics Training							X			
2.00	2/4/2020	MCERA	Prevention of Sexual Harassment Training							X			
0.25	2/12/2020	MCERA	Annual Cost of Living Adjustment					X					
1.00	2/12/2020	MCERA	Actuarial Valuation Report as of June 30, 2019				X						
0.50	2/12/2020	MCERA	Form 700 Refresher							X			
		CalAPRS	GENERAL ASSEMBLY										
2.00	3/8/2020	CalAPRS	Ethics in Public Service							X			
0.75	3/8/2020	CalAPRS	Fund Governance War Stories							X			
1.25	3/8/2020	CalAPRS	6 Years Post-PEPRA - Are we getting the savings as promised?					X					
1.00	3/9/2020	CalAPRS	The Canadian Model			X							
1.00	3/9/2020	CalAPRS	Revisiting Simplicity in Investing			X							
1.00	3/9/2020	CalAPRS	Lessons from China			X							
1.00	3/9/2020	CalAPRS	Economic Outlook			X							
1.00	3/9/2020	CalAPRS	Updates About National Trends			X							

## B.3.b

MCERA CONTINUING TRUSTEE EDUCATION LOG												
TRUSTEE <u>Master Log</u>				TOPIC								
HOURS	DATE	SPONSOR	EVENT/SEMINAR	PENSION LAW	INVESTMENT PERFORMANCE MEASUREMENT	ASSET ALLOCATION AND INVESTMENT MANAGEMENT	ACTUARIAL EVALUATION AND PROCESS	BENEFITS ADMINISTRATION	DISABILITY RETIREMENT	BOARD GOVERNANCE, ETHICS, & FIDUCIARY OBLIGATIONS	ORGANIZATION BUDGET & AUDIT	PROCEDURES
1.00	3/10/2020	CalAPRS	Disaster Recovery: Lessons Learned from New Orleans and Sonoma Retirement Systems					X				
1.00	3/10/2020	CalAPRS	Governance Best Practices							X		
		CII	SPRING CONFERENCE									
2.00	3/9/2020	CII	Master Class: 31 Flavors of Stewardship - Proxy Voting, Engagement and Sustainability							X		
1.00	3/9/2020	CII	SDG Adoption on a Global Scale: A Case Study							X		
1.00	3/9/2020	CII	Panel: How to Hold BRT Members to Account on Business Purposes							X		
1.00	3/9/2020	CII	Panel: Engaging Private Fund Managers on ESG Issues							X		
1.00	3/9/2020	CII	Panel: The Scope of Rule 10b-5 after Lorenzo v. SEC	X								
0.75	3/9/2020	CII	The Future for IPOs			X						
0.67	3/9/2020	CII	Accounting for Climate Change Risks			X						
0.50	3/9/2020	CII	Human Capital and the Future of Work									X
0.75	3/10/2020	CII	What's Next at the SEC							X		
0.75	3/10/2020	CII	How Boards are Grappling with Oversight of Human Capital Management									X
0.75	3/10/2020	CII	What's Next at the PCAOB							X		
1.00	3/10/2020	CII	Panel: Is It Time for Employee Representatives on Company Boards?							X		
1.00	3/10/2020	CII	Panel: Global Trends in Ownership and Control							X		
1.00	3/10/2020	CII	Panel: Corporate Governance and Climate Action: What Should Shareowners Seek							X		
1.45	3/10/2020	CII	Keynote: Top 10 Trends of the 2020's							X		
1.00	3/10/2020	CII	Breakout Panel: Cyber Threats to Long-term Performance					X				
1.00	3/10/2020	CII	Breakout Panel: Exchange Innovations - Speed Bumps and Predictions							X		
1.00	3/10/2020	CII	Breakout Panel: U.S. Policy Impacts on Pension Fund Investments in China			X						
1.00	3/11/2020	CII	Global Perspectives on Executive Compensation & Corporate Purpose							X		
1.00	3/11/2020	CII	Perspectives of Faith-Based Investors			X						
1.50	3/11/2020	CII	Shareholder Advocacy Committee Plenary and Lightening Round							X		
48.62	Hours for Quarter Ending March 31, 2020											
			SACRS WEBINAR SERIES									
1.50	5/12/2020	SACRS	Operational Tools for Liquidity and Rebalancing during Market Volatility			X						
1.50	5/13/2020	SACRS	Don't Stop Thinking About Tomorrow - China A-share market & opportunities			X						
1.50	5/13/2020	SACRS	Private Markets Today vs. The Global Financial Crisis: What's the same, what's different, and where do we go from here?			X						
1.50	5/14/2020	SACRS	Cash Flows & Investment Management in the Time of COVID			X						
1.50	5/15/2020	SACRS	Has the Coronavirus Pandemic Changed the Outlook for ESG Investing?			X						



**B.3.c  
Receipt**

July 18, 2020 - August 17, 2020

<u>Posting Date</u>	<u>Transaction Date</u>	<u>Vendor</u>	<u>Amt. Charged</u>	<u>(Yes/No/Other)</u>	<u>For (dept.or area served)</u>	<u>Reason (or item purchased)</u>
<b>Kiana 8171</b>						
8/12/2020	8/11/2020	Amazon.com	\$ (22.88)	Yes	MCERA Staff	Laptop stand
7/20/2020	7/17/2020	Office Depot	\$ 206.83	Yes	MCERA Staff	Office supplies
7/29/2020	7/28/2020	Amazon.com	\$ 8.38	Yes	MCERA Staff	Office supplies
8/10/2020	8/8/2020	Amazon.com	\$ 22.88	Yes	MCERA Staff	Office supplies
8/10/2020	8/9/2020	Wall Street Journal	\$ 143.47	Yes	MCERA Staff	J.Wickman Subscription
		Total:	<b>\$ 358.68</b>			
<b>Jeff 3902</b>						
8/5/2020	8/4/2020	ZOOM.US	\$74.95	Yes	MCERA Board	Subscription
		Total:	<b>\$74.95</b>			
		Balance Total:	<b>\$433.63</b>			

**B.3.c  
Receipt**

**August 18, 2020 - September 17, 2020**

<u>Posting Date</u>	<u>Transaction Date</u>	<u>Vendor</u>	<u>Amt. Charged</u>	<u>(Yes/No/Other)</u>	<u>For (dept.or area served)</u>	<u>Reason (or item purchased)</u>
<b>Kiana 8171</b>						
8/19/2020	8/17/2020	Office Depot	\$ 443.28	Yes	MCERA Staff	Laptop stand
8/19/2020	8/18/2020	Best Buy	\$ 1,773.88	Yes	MCERA Staff	Laptops for Keith and Dale
8/19/2020	8/18/2020	The Economist	\$ 69.00	Yes	MCERA Board	Chris Cooper Subscription
8/24/2020	8/21/2020	Office Depot	\$ 76.92	Yes	MCERA Staff	Office supplies
8/25/2020	8/24/2020	Amazon.com	\$ 40.32	Yes	MCERA Staff	Laptop stand
8/25/2020	8/24/2020	Amazon.com	\$ 108.95	Yes	MCERA Staff	Masks
8/26/2020	8/25/2020	AT&T	\$ 551.58	Yes	MCERA Staff	Wickman/Hardesty cell
9/2/2020	9/1/2020	Amazon.com	\$ 20.08	Yes	MCERA Staff	HDMI cord/extension cord
9/7/2020	9/4/2020	Amazon.com	\$ 23.42	Yes	MCERA Staff	Planner refill
9/7/2020	9/3/2020	Office Depot	\$ 439.32	Yes	MCERA Staff	Office supplies
9/7/2020	9/6/2020	Amazon.com	\$ 32.40	Yes	MCERA Staff	HDMI cord
9/16/2020	9/15/2020	Amazon.com	\$ 47.94	Yes	MCERA Staff	Masks
9/1/2020	9/1/2020	Annual Card Fee	\$ 25.00	n/a	Bank	Bank
		Total:	<b>\$ 3,652.09</b>			
<b>Jeff 3902</b>						
8/31/2020	8/27/2020	CALAPRS	\$500.00	Yess	MCERA Staff	J.Wickman
9/7/2020	9/4/2020	ZOOM.US	\$74.95	Yes	MCERA Board	Subscription
		Total:	<b>\$574.95</b>			
		Balance Total:	<b>\$4,227.04</b>			

## B.3.c

September 18, 2020 - October 17, 2020

## Receipt

<u>Posting Date</u>	<u>Transaction Date</u>	<u>Vendor</u>	<u>Amt. Charged</u>	<u>(Yes/No/Other)</u>	<u>For (dept.or area served)</u>	<u>Reason (or item purchased)</u>
<b>Kiana 8171</b>						
10/5/2020	10/3/2020	Wall Street Journal	\$ 116.97	Yes	MCERA Staff	J.Wickman Subscription
10/6/2020	10/5/2020	EBAY	\$ 105.73	Yes	MCERA Staff	Camera's for Desktop
10/9/2020	10/7/2020	Office Depot	\$ 96.45	Yes	MCERA Staff	Office supplies
10/9/2020	10/7/2020	Office Depot	\$ 82.50	Yes	MCERA Staff	Office supplies
10/12/2020	10/9/2020	Office Depot	\$ 82.50	Yes	MCERA Staff	Office supplies
		Total:	\$ 484.15			
<b>Jeff 3902</b>						
9/25/2020	9/24/2020	AT&T	\$264.44	Yess	MCERA Board	Board iPads
10/5/2020	10/4/2020	ZOOM.US	\$74.95	Yes	MCERA Board	Subscription
		Total:	\$339.39			
		Balance Total:	\$823.54			

## B.3.g

MCERA Investment Manager Capital Calls, Distributions & Other Transfers  
FY20/21 Year-to-Date ending September 30, 2020

Abbott Fund VI						
Quarter				Since Inception		
Date	Capital Call	Distribution	Initial Commitment	Paid-in Capital	Distributions	Uncalled Capital
8/18/2020	500,000	(2,000,000)	100,000,000			
9/30/2020	0	(1,500,000)				
<b>Total</b>	<b>500,000</b>	<b>(3,500,000)</b>	<b>100,000,000</b>	<b>99,047,700</b>	<b>108,893,939</b>	<b>952,300</b>

Abbott Fund VII						
Quarter				Since Inception		
Date	Capital Call	Distribution	Initial Commitment	Paid-in Capital	Distributions	Uncalled Capital
8/19/2020	175,000	(525,000)	35,000,000			
<b>Total</b>	<b>175,000</b>	<b>(525,000)</b>	<b>35,000,000</b>	<b>33,950,000</b>	<b>12,250,000</b>	<b>1,050,000</b>

Abbott Investors 2016						
Quarter				Since Inception		
Date	Capital Call	Distribution	Initial Commitment	Paid-in Capital	Distributions	Uncalled Capital
7/24/2020	991,250	0	50,000,000			
9/3/2020	2,000,000	(2,100,000)				
<b>Total</b>	<b>2,991,250</b>	<b>(2,100,000)</b>	<b>50,000,000</b>	<b>31,806,252</b>	<b>2,800,000</b>	<b>18,193,748</b>

Abbott Investors 2017						
Quarter				Since Inception		
Date	Capital Call	Distribution	Initial Commitment	Paid-in Capital	Distributions	Uncalled Capital
7/10/2020	465,000	0	15,000,000			
9/4/2020	821,250	(915,000)				
9/28/2020	345,000	0				
<b>Total</b>	<b>1,631,250</b>	<b>(915,000)</b>	<b>15,000,000</b>	<b>6,255,002</b>	<b>0</b>	<b>8,744,998</b>
<b>Total Abbott Commitment</b>	<b>5,297,500</b>	<b>(7,040,000)</b>	<b>200,000,000</b>	<b>171,058,954</b>	<b>123,943,939</b>	<b>28,941,046</b>



# B.3.g

## MCERA Investment Manager Capital Calls, Distributions & Other Transfers FY20/21 Year-to-Date ending September 30, 2020

Pathway Fund 2008						
Quarter				Since Inception		
Date	Capital Call	Distribution	Initial Commitment	Paid-in Capital	Distributions	Uncalled Capital
8/31/2020	135,000	(332,720)	100,000,000			
9/30/2020	105,030	(2,842,397)				
<b>Total</b>	<b>240,030</b>	<b>(3,175,117)</b>	<b>100,000,000</b>	<b>97,417,252</b>	<b>99,993,054</b>	<b>2,582,748</b>

Pathway Fund I7-3						
Quarter				Since Inception		
Date	Capital Call	Distribution	Initial Commitment	Paid-in Capital	Distributions	Uncalled Capital
7/31/2020	78,750	(107,287)	35,000,000			
8/31/2020	28,433	(341,867)				
9/30/2020	0	(502,090)				
<b>Total</b>	<b>107,183</b>	<b>(951,244)</b>	<b>35,000,000</b>	<b>32,691,871</b>	<b>13,536,776</b>	<b>2,308,129</b>

Pathway Fund I8-9						
Quarter				Since Inception		
Date	Capital Call	Distribution	Initial Commitment	Paid-in Capital	Distributions	Uncalled Capital
7/1/2020	2,235,097	(556,347)	50,000,000			
7/31/2020	0	(65,513)				
8/31/2020	100,887	(168,811)				
9/30/2020	0	(171,122)				
<b>Total</b>	<b>2,335,984</b>	<b>(961,793)</b>	<b>50,000,000</b>	<b>33,831,144</b>	<b>3,379,288</b>	<b>16,228,205</b>

Pathway Fund I9-3						
Quarter				Since Inception		
Date	Capital Call	Distribution	Initial Commitment	Paid-in Capital	Distributions	Uncalled Capital
9/4/2020	400,164	(15,614)	15,000,000			
9/30/2020	95,595	(247,929)				
<b>Total</b>	<b>495,759</b>	<b>(263,543)</b>	<b>15,000,000</b>	<b>6,521,061</b>	<b>651,551</b>	<b>8,478,939</b>

<b>Total Pathway Commitment</b>	<b>3,178,956</b>	<b>(5,351,697)</b>	<b>200,000,000</b>	<b>170,461,328</b>	<b>117,560,669</b>	<b>29,598,021</b>
<b>Total Private Equity</b>	<b>8,476,456</b>	<b>(12,391,697)</b>	<b>400,000,000</b>	<b>341,520,282</b>	<b>241,504,608</b>	<b>58,539,067</b>

### Other Transfers and Portfolio Rebalance

Parametric Margin Account	
Date	Amount
8/31/2020	(30,000,000)

MCRG - STIF Account	
Date	Amount
8/31/2020	30,000,000

### Note:


All amounts since inception as of March 31, 2020, as reported in Callan Quarterly Report as of June 30, 2020.



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November 9, 2020

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

From: Jeff Wickman   
Retirement Administrator

Subject: MCERA Cybersecurity Risk Assessment Action Items

### **Background**

At the August 19, 2020 Finance and Risk Management Committee meeting, Linea Secure presented their Cybersecurity Risk Assessment Report of MCERA's operations to the Committee in Closed Session. The report identified five high priority items that Linea Secure recommended immediate action to address. In addition, there were 28 medium priority items that were recommended for action. Most of the medium priority items were around having proper controls in place to manage security. The Committee requested that Linea Secure develop a priority order for items that should be addressed from the assessment.

Because there are a finite number of MCERA resources to work on these items, the Retirement Administrator requested that Linea Secure provide a proposal that would include the cost of Linea Secure working with MCERA to prioritize the 32 areas of security improvements along with the following:

- Work with MCERA, Marin County IT and Avenu (CPAS) to develop and implement the controls necessary to mitigate risk.
- Develop an Incident Response Plan that expands on the Breach Response Plan to include roles and responsibilities, scenarios, detection and analysis, incident response and resolution, and post-incident activity.
- Develop a System Security Plan based on the National Institute of Standards and Technology (NIST) 800-53 Rev 5 standards for moderate security levels in information systems for the CPAS Pension Administration System developed and hosted by Avenu.

### **Recommendation**

Linea Secure has drafted the attached statement of work for mitigating the risks identified in the security assessment. Implementing the necessary changes involves work within and outside of MCERA's control, and staff believes that having an expert third party working with MCERA will expedite the implementation of new and improved security measures, and will help address issues that may be beyond the expertise of our team.

It is staff's recommendation that the Committee ask the Board to direct the Retirement Administrator to engage Linea Secure to assist with the implementation of the recommended changes from the Cybersecurity Risk Assessment. The Retirement Administrator will be required to present a draft contract and work plan to the Board for review and potential approval.

## SCHEDULE 1 - STATEMENT OF WORK FOR LINEA SECURE SERVICES

This document addresses the services to be provided to Marin County Employees' Retirement Association by Linea Secure under the Cybersecurity Services Agreement dated October XX, 2020 for a specified project. The signatures by the designated representatives below indicate acceptance of the following Statement of Work.

Name of Project <b>Mitigation of Cybersecurity Assessment Findings</b>	
Linea Secure Project Contact <b>Peter Dewar</b>	Phone <b>(703) 850-4100</b>
Linea Secure Account Manager <b>Peter Dewar</b>	Phone <b>(703) 850-4100</b>

Linea Secure, LLC	Client: Marin County Employees' Retirement Association
Address: 4551 Glencoe Avenue Suite 140 Marina del Rey, CA 90292	Attn: Address: One McInnis Parkway Suite 100 San Rafael, CA 94903
Office No: (310) 331-8133	Office Number: (415) 473-3612

Signature	Signature
<b>Peter Dewar, PRESIDENT</b>	<b>Jeff Wickman, Administrator</b>
Name (Print), Title	Name (Print), Title
Date	Date

Customer ID #	SOW #
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### Attachment

Contractor shall perform services to mitigate the risks identified during the recent cybersecurity assessment performed between 9/1/2019 and 2/15/2020. The assessment identified 32 areas of security improvements that could be implemented to reduce the risks that they present to MCERA.

Linea Secure will develop an Incident Response Plan that expands on the Breach Response Plan to include roles and responsibilities, scenarios, detection and analysis, incident response and resolution, and post incident activity.

Linea Secure will develop a System Security Plan based on the National Institute of Standards and Technology (NIST) 800-53 Rev 5 standards for moderate security levels in information systems for the Avenu developed and hosted CPAS Pension Administration System (PAS).

### Cybersecurity Risk Mitigation

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#### Prioritize and Resolve Assessment Risks

Linea Secure will work with MCERA to prioritize the 32 areas of security improvements then work on behalf of MCERA to develop and implement the controls necessary to mitigate the risks identified.

Linea Secure will develop a set of cybersecurity controls and assist MCERA in their implementation to align MCERA with the requirements of the NIST 800-53 standards for moderate security levels.

Linea Secure will work with the Marin County IST Department on behalf of MCERA to facilitate the implementation of additional security controls to improve protections of the MCERA network environment based on the findings of the recent cybersecurity assessment.

Linea Secure will work with Avenu on behalf of MCERA to address the 5 medium security findings in the employer reporting web application that is hosted externally.

#### Incident Response Plan

Linea Secure will develop a comprehensive incident response plan (IRP) for threats to MCERA. During this process, the following questions will be addressed:

- Who should make up the incident response team?
- What are the roles and responsibilities for each member of the response team?
- How does MCERA Identify, Protect, Detect, Respond, and Recover and Document Lesson Learned as part of a Breach Event?
- What are critical gaps that may impact the ability of MCERA to respond?

Upon defining the questions above, Linea Secure will document the Incident Response Plan and work with MCERA to define an approach to communicate and train the organization.

The IRP will identify specific types of incidents such as:

- Unauthorized access – an individual has gained logical or physical access without permission to a system or network belonging to MCERA.

### Attachment

- Denial of Service (DoS) and distributed denial of service (DDOS) attacks – an attack that prevents the use of a service, rendering it unavailable to authorized users.
- Malicious software – software this is used as an attack vector by persons with malicious intent, to include viruses, worms, and Trojan horse programs.
- Social engineering – impersonating an authorized party to encourage association staff to take certain actions such as changing account numbers and redirecting funds.
- Defects – that discovered by attackers in commercial computer products that are used by ICERS. Such attacks are known as zero-day exploits, as attackers use these vulnerabilities until they are patched.

### CPAS System Security Plan

Linea Secure will develop a systems security plan (SSP) to document security controls applied to the CPAS Pension Administration System. During this process, the following questions will be addressed:

- How are each of the 17 NIST 800 53 Rev 5 Key controls implemented?
- Whether MCERA or the Hosting Vendor are responsible for the execution of the control?
- How often will the security controls require updates?

Upon defining the questions above, Linea Secure will document the System Security Plan and work with MCERA on implementing the controls as applicable.

The SSP will identify key controls as they relate to MCERA's ability to achieve the following:

- Identify – Have knowledge of all individuals accessing CPAS and the assigned role within the system. Additionally, understand all internal and external system connections that could present a security risk.
- Protect – Implement access control restrictions to ensure system access is aligned with least privilege and a need-to-know basis.
- Detect – Have processes in place to capture logs, complete regular vulnerabilities scans and have an independent 3rd party test the security control annually.
- Respond – Have comprehensive plans to support business continuity during a disaster recovery and/or cyber event.
- Recover – Ability to support critical business functions and ensure sufficient data is collected to allow for the review after a cyber event.

### PROPOSED APPROACH

Linea Secure proposes to assign one Executive Principal Cybersecurity Consultant, one Senior Cybersecurity Consultant, and one Cybersecurity Analyst to the Cybersecurity Risk Mitigation engagement. Linea Secure has multiple experienced and qualified staff that can perform these services and the specific staff assigned will be determined at a later date in conjunction with MCERA. Other

### Attachment

consultants with specialized expertise are likely to be brought in when needed. This work will be performed on a schedule agreed to by the parties, along the timelines outlined in the following section.

#### **SERVICE EXPECTATIONS**

##### **Resource Requirements and Timeline**

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Linea Secure is made up of a team of consultants that are experts in technology, cybersecurity, and pension fund operations. As such, we expect to draw from various resources on our staff as needed. For the effort in this Statement of Work, Linea Secure intends to assign the three key consultants prior to the commencement of this work and intends to use those same consultants throughout the duration of the Statement of Work, unless for reasons outside of Linea Secure's control.

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

##### **Cybersecurity Risk Mitigation Services Schedule**

Kickoff week, consisting of meetings and activities including:

- Project kickoff and scoping session

- Information gathering and document review

- Review changes at the MCERA since the Cybersecurity Assessment occurred, such as the remote work environment

- Seek agreement on scheduling of the work items

The week following the kickoff (or closely thereafter), Linea Secure will develop a detailed schedule that our consultants will follow. It is estimated that the work identified in this SOW will take approximately 6-8 weeks.

##### **Key Assumptions**

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

- MCERA's subject matter experts are available to meet on the phone or through video conference on a scheduled basis, as needed, and are willing to reasonably cooperate with any questions or requests made.

- The work is expected to be done remotely by Linea Secure consultants, utilizing video conferencing and document sharing capabilities.

- When conditions permit, Linea Secure will travel to the MCERA's office to attend meetings and deliver presentations.

- MCERA's subject matter experts are expected to have equipment capable of participating in video conferences and viewing documents.

- Project Sponsors and any staff assigned to this project that will be approving deliverables will be able to review and accept the deliverable in timely fashion.

- Deliverables will be submitted first in draft form. Prior to submission of the initial drafts, Linea Secure will review an outline or framework of the deliverables to ensure greater alignment of

Attachment

expectations. Deliverables will then go through no more than 2 more drafts before being delivered as approved.

**Deliverables**

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1. Plan of Action and Milestones for addressing the Cybersecurity Assessment findings
2. Cybersecurity Incident Response plan
3. CPAS System Security Plan

**Price Proposal**

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Total compensation under this Statement of Work shall not exceed \$70,000<sup>1</sup> unless modified by a written and approved amendment to this Statement of Work. The cost proposed is due in part to the fact travel is not contemplated at this time. Should there be a travel requirement during this engagement, travel expenses may need to be submitted separately for reimbursement. Another cost control measure Linea Secure is able to apply is leveraging resources that are familiar with MCERA's operating environment, reducing discovery costs.

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



## B.5 Annual Audit of Financial Statements Update

This is a discussion with no backup.

## B.6 Future Meetings

This is a discussion with no backup.