MINUTES

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

One McInnis Parkway, First Floor
San Rafael, CA
June 20 and 21, 2024

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

Day 1
June 20, 2024

Meeting Chair Daniel Vasquez

9:00 a.m.
Call to Order/Roll Call

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

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

ABSENT: None

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

No members of the Board requested to teleconference.

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

No members of the public provided comment.

Chair Vasquez introduced the Retirement Board's Strategic Workshop as an opportunity for education and insight on four investment and three operational topics. He encouraged dialogue and questions as the Workshop proceeds.

9:00 a.m. – 10:00 a.m.
The Hidden Cost of Indexing
Joel Schneider, Deputy Head of Portfolio Management North America and Vice President
Dimensional Fund Advisors

Ted Simpson, Vice President with Dimensional Fund Advisors (DFA), said there are benefits to index investing but there are tradeoffs to consider. Mr. Simpson introduced Joel Schneider, Deputy Head of Portfolio Management North America and Vice President, to address the Hidden Cost of Indexing. Mr. Schneider said this discussion is intended to foster a better understanding of what an investment index does. He noted there are various ways an index delivers returns. One common misperception is that an index is the same as the market and the market return, but this is not the case. He pointed out that actions taken by index providers when constructing an index result in different returns and cost frameworks.

Mr. Schneider explained that index investors need to make active decisions on asset classes, investment styles, indices and benchmarks. He recommended conducting due diligence when selecting an index and also testing the thesis with a benchmark. He pointed out that a study of calendar year returns for the three most common U.S. small cap indices over the last 20 years resulted in no consistency to returns. The average difference in returns was five percentage points, with a tracking error among the three indices of about 3%.

When considering which countries to include in an index, index providers may view the same country as a developed market or an emerging market. Providers decide which stocks to include in the index and how often to reconstitute the index. In some cases this is done once per year, while the S&P reconstitutes quarterly. MSCI has two major and two minor reconstitutions. A DFA study of indices with different reconstitution dates resulted in a 1% tracking error for returns. Another variable is the timing of announcements of changes to the constitution of an index. For example, when announcing the addition of a stock well ahead of time, market participants can drive up the price. Mr. Schneider said no one knows why there is a difference in timing because these matters are not transparent. He indicated this begs the question of whether the index is passive or driven by active decisions.

The S&P 500 is thought of as largest 500 stocks in the U.S. with positive profitability over the last quarter and year. These rules are applicable at the time a stock is considered. If a stock is expected to be added but is not added, then the stock price drops. To achieve zero tracking error, as fiduciaries investment managers must buy on the day the index is rebalanced. Due to large volume the price rises, and then may drop the next day. This is the opposite of buying low and selling high, Mr. Schneider explained, adding it is common for hedge funds to take the other side of that trade. He said the cumulative average performance of stocks added to the S&P 500 is positive. Asked by Trustee Gladstern about the process of dropping stocks from an index, Mr. Schneider replied it is unclear how these decisions are made.

Mr. Schneider discussed a framework for the total cost of owning an index fund. Noting the management fee is apparent, he said other costs include the expense ratio, trading costs, and the implicit cost of timing index constitution that can drag on returns. These add up to about 73 basis points for the Russell 2000, he said. There is also the opportunity cost of style drift that can be a drag on returns.

In conclusion, Mr. Schneider said index funds can be low cost and provide diversification, but the question is whether the structure can be improved on. One approach is employing due diligence on the process of stock selection, reconstitution timing, and style drift. Mr. Schneider explained that reconstituting the index more frequently avoids price pressure and style drift. He said these are techniques DFA uses for its indices that can outperform over the long run. He suggested looking into the downside of an index with the goal of understanding whether the benefits outweigh the costs.

Chair Vasquez asked about using fundamentals such as dividends, earnings, net income, or cash flow to construct an index. In response Mr. Schneider indicated that deviating from a basis of market capitalization weight would introduce additional cost and turnover by having to reconstitute the index more often.

10:00 a.m. – 11:00 a.m.
Concentration in Large-Cap Growth
Aaron Socker, CFA and Portfolio Specialist
Wally Fikri, Partner and Relationship Manager
William Blair

Wally Fikri, Partner and Relationship Manager with William Blair, introduced Aaron Socker, Portfolio Specialist, for a look into the Concentration in Large-Cap Growth. Mr. Socker stated the small number of large-cap stocks leading some stock indices higher has occurred for several years. The three largest stocks comprising the overall equity universe are Apple, Microsoft, and Nvidia. He pointed out that the Russell 1000 Growth Index had exceptional returns over ten years ending in 2023, averaging 16% annually. This return significantly outperformed the Russell 1000 Growth Equal Weight Index and U.S. small cap returns. As evidence of the concentration of high-performing stocks, from 2013 through 2023 the top five stocks accounted for 41% of the Russell 1000 Growth Index and had average 12-month trailing returns of 97.1% versus 22.6% for the rest of the index.

Turning to specific stocks, Mr. Socker presented data showing the Magnificent 7 stocks (Apple, Alphabet, Amazon, Nvidia, Meta, Microsoft and Tesla) account for 2/3 of the Russell 1000 Growth Index return in 2023. There have been indications of the market broadening out, but the narrowness of performance has returned to the market as a select few companies lead the market higher. Given these equity market metrics, Mr. Socker said the question being asked by investors is whether to be active or passive and how long the narrow performance will last. He noted this has been a more challenging environment for active managers not invested in the top stocks that are outperforming.

Chair Vasquez asked about similar market phenomena in the past, such as the technology boom in the 1990s, nifty fifty in the 1960s, and radio, communications, and media boom in the 1930s, noting the narrative of markets today is the Magnificent 7 have the fundamentals like earnings and revenue, unlike technology stocks in the 1990's. Mr. Socker observed in 1999 and 2000 capital markets shut down during the advent of the internet due to overly optimistic valuations when fundamentals such as revenue were not there. By contrast, today some large cap stocks are businesses with organic cash flow of 25% to 30% to work with that are not dependent on the capital markets. He said they are enablers of developing technologies, forging the trail that will trickle down to the overall markets. For example, companies are using Artificial Intelligence (AI) to become more efficient.

In conclusion, Mr. Socker said leading stocks have changed over time due to paradigm shifts in market dynamics, but he does not have the answer for what causes the change this time. He suggested broadening out risk exposure and being able to identify where fundamentals are deteriorating or what happens when the influx of passive money comes out of the market. Trustee Silberstein thanked Mr. Socker for the analysis of today's equity markets. He noted MCERA's Investment Committee increased diversification by moving large cap domestic equities from the S&P 500 to the Russell 1000 Index.

Chair Vasquez thanked Mr. Socker and Mr. Fikri for their presentation and recessed the meeting for a break 10:56 am., reconvening at 11:12 a.m.

11:00 a.m. – 12:00 p.m.
Geopolitics and Investing
Thomas Mucha, Geopolitical Strategist
Wellington Management

Thomas Mucha, Geopolitical Strategist and Managing Director with Wellington Management Company, addressed the Board to discuss what he termed the challenging environment of Geopolitics and Investing. Mr. Mucha comes by his current expertise as a result of advising government policy makers in the national security space. He stated there are significant challenges happening at the structural level all around the world. The result is leaders are focusing more on national security, often at the expense of economic efficiency. For investors, the globalization backdrop is changing in enduring and important ways, he said.

Beginning with Middle East developments, Mr. Mucha observed the U.S employed military deterrence and ongoing diplomatic efforts to prevent hostilities between Israel and Iran from spreading into a wider regional conflict. Potential conflict between Israel and Hezbollah, which has more military resources than Hamas, would be significant. Beyond that, there are Iranian-backed militias in Iraq and Syria, and ongoing violence in the West Bank between Israelis and Palestinian. Threats to shipping in the Red Sea continue. In addition, there are widening divides in the Israeli government.

Mr. Mucha placed the Russia-Ukraine conflict on a par with the Israeli Palestinian situation as a concern of the highest order. He noted that Russia recently entered into a mutual defense pact with North Korea. Russian initiatives are slowing as foreign assistance is making its way to the battlefield. A big topic of conversation is Russia's plans for using sabotage across Europe in response to European Union support for the Ukraine government. Mr. Mucha believes Ukraine's future will be determined on the battlefield. His base case for a resolution to this conflict is a sovereign and smaller Ukraine. His expectation is that the North Atlantic Treaty Organization (NATO) will become larger and more unified, with increased defense spending to address the ongoing threat from Russia.

According to Mr. Mucha, the most important political signpost to date is the relationship between the United States (U.S.) and China. This relationship remains in a structurally negative direction and is becoming increasingly ideological and global. Right now there are high tensions between China and the Philippines in the South China Sea, which the U.S. is treaty-bound to defend militarily. While both Washington and Beijing are trying to focus on a better relationship, there is no doubt among policy makers that the U.S. and China are gearing up for a long term, serious geopolitical competition that will encompass every aspect of national power on both sides, especially military power. Mr. Mucha stated the policy goal should be to prepare for war as a method of deterrence. Potential flashpoints include Taiwan where China is increasing military activity and rhetoric. The current plan for the U.S. is for allied-centric deterrence and making Taiwan difficult to invade. The U.S is forging new military basing agreements with Japan and South Korea and has a new U.S. Marine base in Guam. Economic alliances with Japan, Australia, and India are being enhanced, as are diplomatic, economic, and military engagements with Taiwan itself. Mr. Mucha indicated the speed with which these preparations have happened over the past 12 to 16 months shows how seriously policy makers are taking this situation. Another facet has to do with national security implications around artificial intelligence and quantum computing. Mr. Mucha observed that emerging technologies are central to shifts in the geopolitical environment.

Trustee Werby asked if Tik Tok is a real threat. In response, Mr. Mucha said it is considered a national security threat by those he consults with, who emphasize Tik Tok is a powerful tool used to sway public opinion. He added there is bipartisan support in Congress for a more robust China policy. Chair Vasquez asked if global institutions like the World Bank or the World Trade Organization are declining in influence resulting from the political realignment of power. In response, Mr. Mucha said he has seen erosion in global institutions where China and others felt they had no say, and those entities that were outmoded or in need of reform. In their place is a new series of institutions being created to address challenges that are designed to live outside of the political shifts in democracies. An example is the Quadrilateral Security Dialogue ("Quad") between the U.S., Australia, India, and Japan, formed to counter China militarily and diplomatically in the Indo-Pacific region. Members also have trade and economic cooperation agreements.

Turning to U.S. politics, Mr. Mucha said there is likely to be a close race for President. Former President Trump would be more transactional and focus on trade, using tariffs on China. A President Biden win would mean more of the same. Regardless of who wins the election, Mr. Mucha said, the geopolitical environment will remain challenging. Trustee Jones inquired about the effect of immigration on politics. Mr. Mucha replied immigration is a challenging, sensitive issue for incumbent politicians across the globe. Climate change is likely to exacerbate the immigration situation, leading to increases in immigration that are, and will continue to be, a major factor in the political environment

In conclusion, Mr. Mucha said as an asset allocator MCERA has agency and the ability to allocate capital in ways that can help alleviate challenges such as climate change. He further stated investors can do well by using capital in a way that can help make the world a more stable place. Chair Vasquez asked whether the upcoming British election could be a canary in the coal mine for preserving the ideals of liberal democratic order. Mr. Mucha replied that he hopes that is the case, reflecting his personal perspective, not that of Wellington Management. Chair Vasquez highlighted Mr. Mucha's prior career as a successful journalist and thanked him for enlightening the Board.

Chair Vasquez recessed the meeting for a lunch break at 12:01 p.m.

12:00 p.m. – 1:15 p.m.
Lunch Break

Chair Vasquez reconvened the meeting at 1:16 p.m.

Trustees Cooper was excused from the meeting.

1:15 p.m. – 2:15 p.m.
Financial Regulations and the Markets
Frank Partnoy, Adrian A. Kragen Professor of Law
UC Berkeley School of Law

Chair Vasquez introduced Professor Frank Partnoy to discuss Financial Regulations and the Markets. Trustee Silberstein recommended that the Board read Professor Partnoy's book *Infectious Greed.* Professor Partnoy said in simple terms shareholder rights include vote, sue, sell, and yell. He noted shareholder rights have ebbed and flowed over the years, and non-voting shares were introduced in the 1920's.

Trustee Cooper rejoined the meeting at 1:30 p.m.

Professor Partnoy said there is more scrutiny on the process of shareholder voting. As evidence he pointed to institutions that are operationalizing shareholder voting by surveying policy makers on a variety of topics. A discussion on Chief Executive Officer (CEO) compensation ensued as Trustee Silberstein noted that shareholders gaining the right to vote on CEO compensation about 10 years ago has not resulted in significant changes. Professor Partnoy agreed there were unintended consequences, noting that one effect has been CEO's being offered incentive-based compensation based on stock options, for example. Arguments for this result are alignment of the CEO's interest with the shareholder and offering enough pay to acquire the best person. He added that regulations require further disclosure of CEO compensation package details. Professor Partnoy observed that academic studies on CEO compensation are controversial and litigation against CEO compensation has also not been effective.

Professor Partnoy said another issue is selectively buying and selling of public company stock based within corporations. He noted the proof required to prosecute this trading is difficult to obtain. Trustee Silberstein observed in the past it was not legal for corporations to buy back shares which tends to drive up the stock price. Professor Partnoy replied there are arguments on both sides of share buybacks. He explained that paying dividends to shareholders as an alternative to share buybacks is not tax friendly.

Trustee Poole asked if the idea of not divesting because you lose the ability to vote is valid. In response, the Professor indicated it is valid, because while the threat of divestment can be effective, then you have no vote. Instead, he advised using the approach of making the Board's views known. Exit is not a viable option for a diversified fund such as MCERA's, he said. Trustee Gladstern asked why Delaware is such a common incorporation location. The Professor explained that over time and through innovation Delaware developed certainty around incorporation. He observed that Delaware judges are notably thoughtful. In addition, corporations were drawn to having flexibility over pay and enhancing enterprise value.

Chair Vasquez indicated deregulation in years past, such as the Gramm-Leach-Bliley Act, may have had unintended consequences and asked if prior legislation, such as the Glass-Steagall Act, may be revisited. Professor Partnoy replied financial regulation comes in waves and he does not see a return to Dodd-Frank Act provisions. He noted the relatively aggressive Chair of the Securities and Exchange Commission (SEC) faced pushback politically and from the courts. The appetite of legislators for more aggressive financial reform is weak at best, he said. Trustee Silberstein asked if there is more or less fraud today than in the past. Professor Partnoy replied we are in a golden age of fraud based on fundamental reasons, noting investigative journalism is very challenging. In conclusion, Professor Partnoy stated in the future state law may be used more by corporations to address shareholder rights.

2:15 p.m. – 3:30 p.m.
Disability Retirement Process and Developing Issues Around Presumptions and Adjudications
Ashley Dunning, Partner & Co-Chair, Pension, Benefits and Investment Group
Nossaman LLP
Jeff Wickman, Retirement Administrator
Linda Martinez, Disability Coordinator

Mr. Wickman began by explaining there are two types of disability retirement provided in the County Employees Retirement Law (CERL), service and nonservice. In both cases, a member must show that they are permanently incapacitated from performing the usual and customary duties of their position. A member can apply for a service-connected disability retirement, based on an incapacity that occurred any time during their employment. There must be a real and measurable connection between the individuals employment and the incapacity to receive a service-connected disability. For nonservice connected disability retirement, an individual must have a minimum of five years of retirement service credit. For nonservice disabilities the incapacity is not related to the performance of the job duties.

The Administrator explained MCERA's role in the disability retirement process begins with the Disability Coordinator counseling the applicant and giving them an overview of the steps in the process and the information that will be required for the disability retirement application. The applicant's role is to complete the Disability Retirement Application, which includes a job description, and provide MCERA with a release so we can collect medical records from treating physicians. The role of the Board is to review all records provided by the applicant, medical advisors, and staff and make a determination of whether the applicant should be granted or denied the disability retirement being requested.

Trustee Poole asked what determines whether disability retirement applications are considered in Open or Closed Session. Mr. Wickman explained that the Board can go into Closed Session to consider applications where a denial is being recommended because a denial may impact the individual's employment situation and there is an exception to the Brown Act that allows the Board to consider in Closed session items that may impact employment. Open Session is used for those applications that staff is recommending the Board grant on Consent. In response to Trustee Cooper's inquiry, Mr. Wickman said Workers' Compensation records, if available, are collected and considered in the process.

If the Board denies a disability retirement application, the applicant has the right to appeal to an Administrative Law Judge (ALJ). There will be evidence from both sides for consideration by the ALJ, whose decision usually comes back within sixty days. Trustee Cooper asked how many of the Board's denials are approved by the ALJ. In response Mr. Wickman said the tendency over the past five years has been for more ALJ decisions coming back recommending the Board grant the disability application. Chair Vasquez asked how many disability cases go the ALJ and Mr. Wickman said one or two per year. Trustee Gladstern asked how the new medical advisor process is working. Mr. Wickman replied it has expedited the process to have the medical advisor sort through the cases and make recommendations for cases that do not need to go to an Independent Medical Advisor.

If the Board denies a disability retirement application and the ALJ is in agreement, the applicant may appeal to Superior Court, and then further to the court of appeal.

In conclusion, Mr. Wickman reviewed steps in the disability retirement process set forth in the Disability Retirement Brochure.

Counsel Dunning discussed disability issues around presumptions and adjudications. The analysis compares disability retirement provisions in the CERL with Workers' Compensation rules to highlight important differences. As an example, under the CERL the applicant needs to be permanently incapacitated. In contrast, a disability for Workers' Compensation depends on a rating system as to how the disability has impacted the ability to perform their duties or if the applicant cannot do the job in any way. Therefore, a person can be entitled to Workers' Compensation benefits through the employer, but not disability retirement through MCERA.

Ms. Dunning explained that presumptions exist under both laws. Under the CERL for service-connected disability retirement for certain safety members, presumptions include heart trouble, cancer, and blood-borne infectious disease. Ms. Dunning reviewed new presumptions under the CERL that were effective January 1, 2024, which include post-traumatic stress disorder and skin cancer, for example. She explained that each of these presumptions applies only to specific classes of safety employees.

In conclusion, Ms. Dunning noted that once disability retirement has been granted, it is difficult from a factual and legal perspective to reverse it. She added that the Supreme Court has said CERL and Workers' Compensation Act disability standards are related in subject matter, but are not to be construed as the same.

3:30 p.m. – 3:45 p.m.
Closing and Follow-up Items from Today's Agenda

Chair Vasquez invited comments from the trustees on today's presentations. Trustee Gladstern said she appreciates having the Board's conference attendees inviting interesting speakers to the Board's Strategic Workshop. Trustee Jones said the day's presentations expanded the Board's knowledge and may be applicable when considering related matters.

There being no further business, Chair Vasquez adjourned the meeting at 3:29 p.m.

Day 2
June 21, 2024

9:00 a.m.
Call to Order/Roll Call

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

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

ABSENT: None

Open Time for Public Expression

No members of the public provided comment.

9:00 a.m. – 10:00 a.m.
Overview of MCERA Benefits
Sydney Fowler-Pata, Retirement Benefits Technician
Robert Sanders, Senior Retirement Benefits Technician

Syd Fowler-Pata said that she and Mr. Sanders conduct the educational seminars for MCERA's active members. She stated the goal for today is to present the mid-career seminar to the trustees. Ms. Fowler started by noting the Marin County Employees' Retirement Association (MCERA) administers a defined benefit plan in accordance with the County Employees Retirement Law of 1937 (CERL). The over $3 billion Plan is funded from investment earnings and employee and employer contributions. Ms. Fowler-Pata explained that retirees receive a lifetime benefit based on the formula in their retirement tier. The Plan also contains the ability to apply for disability retirement and receive certain benefits at the time of death. There are 45 retirement tiers across MCERA's nine employers. The benefit formula in each tier includes minimum age to retire, highest average compensation, and maximum Cost-of-Living Adjustment. In response to Chair Vasquez's inquiry, Mr. Wickman explained that the money used to pay the monthly retirement benefit comes first from the contributions paid by the member. When the member's contribution balance has been reduced to zero, the ongoing monthly benefit is paid from the trust which is made up of employer contributions and investment earnings. Members have four different options to select from for receiving their retirement benefit. The option selected by the majority of members is the Unmodified Option which provides the highest monthly benefit with an automatic 60% continuance for an eligible surviving spouse upon the death of the retiree. Other options include the ability to provide a 50% or 100% continuing benefit to an eligible beneficiary.

Classic General members are vested and therefore eligible to receive a benefit after earning 5 years of service credit and 10 years of total elapsed time once they reach retirement age. Classic Safety members can retire after 20 years of service credit at any age.

The retirement benefit is calculated according to a formula based on age at retirement, service credit, and highest final average compensation. The age multiplier gradually increases with every 3 months change in age but also caps out at certain ages. The highest final average compensation for PEPRA member formulas have a salary cap that is based on whether the member has social security coverage or not. Ms. Fowler-Pata discussed service credit, noting overtime hours are not used to increase service. As an alternative to receiving a retirement benefit, members may withdraw their account which eliminates rights to any future retirement benefit.

Reciprocity allows MCERA members to move from one retirement system in California to another and maintain earned retirement benefits. MCERA has reciprocity with the other 19 counties covered under the County Employees Retirement Law (CERL), the California State Teachers' Retirement System (CalSTRS), the California Public Employees' Retirement System (CalPERS), and certain independent pension systems. Ms. Fowler-Pata explained that advantages of reciprocity include using service credit from both systems to determine eligibility for retirement, setting the employee contribution rate at the age of entry for the first reciprocal system, and using the highest final average compensation among all the reciprocal systems to calculate the final retirement benefit. Reciprocity requires that there is no break in service between retirement covered employment longer than 6 months, and the employee cannot withdraw their contributions from the reciprocal systems when they remain in active service in one of them. Each reciprocal system calculates and pays the benefit based only on the service earned with that system.

In response to Trustee Cooper's inquiry, Mr. Wickman said contributions to the Plan cover approximately 1/3 of the benefit that is paid to a retiree. Trustee Silberstein asked if benefits formulas are negotiated. Administrator Wickman replied benefits formulas are set in the CERL. Employers have determined which of the tier formulas they want to offer to employee groups through bargaining. Ms. Fowler-Pata said the retirement benefit will increase the longer a member works, or if their pensionable salary continues to increase, or if they are able to purchase available service.

In conclusion, Ms. Fowler-Pata said each year members receive an Annual Benefit Statement that includes a retirement benefit estimate based on their earliest retirement eligibility date. Members can produce a customized estimate using MCERA's online benefit estimator, or request an estimate from staff. Additional pension information is provided on MCERA's website. Chair Vasquez thanked Ms. Fowler-Pata for the detailed presentation.

Data from MCERA and other County Employee Retirement Systems
Jeff Wickman, Retirement Administrator
10:00 a.m. – 11:00 a.m.

Mr. Wickman presented data for MCERA and specific comparisons with other CERL systems. The sources of the data are the Actuarial Valuation as of June 30, 2023 for each CERLsystem. MCERA has 2,213 active General members and 629 active Safety members totaling 2,842 active members. The majority of the 3,768 retirees are General members. MCERA is a mature Plan with more retirees than active members and more cash going out than coming in. Distributions from the private equity program and from real estate portfolios provide cash to help make benefit payments.

Mr. Wickman pointed out that the majority of active members work for the County of Marin. The workforces for the City of San Rafael and the Novato Fire Protection District have a higher percentage of Safety members when compared to Marin County, which has a larger population of General members. The Administrator explained that this difference impacts the cost of the benefits for each employer. He presented a breakdown of General and Safety members and retirees for each employer. For MCERA overall the average retirement benefit is $45,737; for General members the average is $39,925 and for Safety members the average is $69,300.

Mr. Wickman presented a breakdown of membership data for each employer including Safety or General, Classic or PEPRA, active members, Tier, benefit formula, membership date, maximum Cost-of-Living Adjustment, and final average compensation period. As compared to its peers MCERA is one of the smaller CERL systems by total lives and asset value. Its 45 retirement tiers far outnumber those of other systems.

The next data set presented a breakdown of CERL systems by the market value of assets, actuarial liability, active and retired members, inactives, total lives, number of participating employers, and number of tiers. Chair Vasquez suggested using assets per life and liability per life as measures of productivity. Comparisons of the assumed rate of return, inflation assumption, and funded status across CERL systems were also presented. MCERA is among three CERL systems that are over 90% funded. Finally, Mr. Wickman presented a comparison of administrative budgets as a percentage of the actuarial accrued liability and the amount of administrative budgets across CERL systems.

Chair Vasquez thanked Mr. Wickman for the excellent data on MCERA and its peers.

Closing and Follow-up Items from Today's Agenda
11:00 a.m. – 11:30 a.m.

Chair Vasquez invited comments on the Strategic Workshop. Trustee Poole congratulated the Ad Hoc Strategic Workshop Education Committee on its selection of Workshop topics. Trustee Werby recommended a book referenced at a recent SACRS conference titled *Make Your Bed: Little Things That Can Change Your Life…And Maybe the World* written by retired U.S. Navy Admiral William H. McRaven.

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

Daniel Vasquez, Meeting Chair

Kelsey Poole, Secretary