

◆MENDOCINO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION◆  
BOARD OF RETIREMENT MEETING MINUTES  
◆FEBRUARY 17, 2016 AT 8:30 A.M.◆

**CALL TO ORDER**

Randy Goodman, Board Chair, called the meeting to order at 8:30 a.m.

**ROLL CALL AND PLEDGE OF ALLEGIANCE**

Roll call was conducted with the following members present: Kathryn Cavness, Supervisor Dan Gjerde, Ted Stephens, Tim Knudsen, Jerilyn Harris, Shari Schapmire and Randy Goodman. Also present: James Wilbanks, Retirement Administrator, Jeff Berk, Legal Counsel, Greg DeForrest and Alina Vartanyan of Callan Associates, and Judy Zeller, Administrative Assistant. Absent: Craig Walker, Richard Shoemaker, and John Sakowicz.

**PUBLIC COMMENT:** None

**1) MINUTES OF THE BOARD MEETINGS HELD JANUARY 19, 2016**

- **January 19, 2016 Board Meeting**
- **January 19, 2016 Board Training**
- **January 19, 2016 Joint Meeting**

**Presenter/s:** Chair Goodman referenced the January 19, 2016 board meeting minutes and all were approved by unanimous consent.

**2) CONSENT AGENDA**

**A. January 2016 Retirement Report**

**Presenter/s:** Chair Goodman referenced the consent agenda and it was approved by unanimous consent.

**3) DISCUSSION AND POSSIBLE ACTION REGARDING ANY CONSENT AGENDA ITEM NEEDING SEPARATE ACTION**

None

**4) DISCUSSION AND POSSIBLE ACTION REGARDING QUARTERLY INVESTMENT REPORT**

- **Quarterly Investment Performance Report, Callan Associates**
- **2016 Capital Market Discussion and Projections**
- **Investment Manager Status Update: PIMCO, Royce Total Return, Morgan Stanley**

**Presenter/s:** Greg DeForrest and Alina Vartanyan of Callan Associates referenced the Quarterly Investment Performance Report and provided a report on 2016 Capital Market Projections.

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**Board Direction:** Staff will remove PIMCO from the Investment Manager Status list.

Mr. Sakowicz entered the meeting at 9:55 a.m.

**5) DISCUSSION AND POSSIBLE ACTION REGARDING APPROVAL OF ANNUAL COST OF LIVING ADJUSTMENT (COLA) AS OF APRIL 1, 2016**

**Presenter/s:** Mr. Goodman referenced a letter of recommendation from Segal Consulting regarding the annual retired member COLA as of April 1, 2016.

In its letter dated January 26, 2016, confirming MCERA's long standing practice, Segal Consulting stated: "Consistent with the procedures approved by the Board in the past, the cost of living factor to be used by the Association on April 1, 2016 is determined by comparing the December CPI for the San Francisco-Oakland-San Jose area." As a result, Dr. Wilbanks made a recommendation to approve the COLA using the "Bay Area" index. Dr. Wilbanks explained that he had reviewed other 37 Act Counties that have a COLA benefit and referenced his memo from last year regarding the COLA, which explains that for those systems in Northern California, several use the Bay Area and two use the Western States. Mr. Berk explained that section 31870.1 states that the Board shall use the CPI for the area in which the county seat is located. He stated that it is not clear from that language which index (Bay Area or Western States) must be used. Therefore, he stated that to satisfy its fiduciary duty, the Board needs information to determine which index is a better measurement for Mendocino County. Dr. Wilbanks reported that, some years ago, Fresno changed from the Bay Area to the Western States, due to a recommendation made by its actuary, who opined that that index was a better estimate of inflation in Fresno County. To help make that determination in Mendocino County, Dr. Wilbanks contacted the Bureau of Labor Statistics (BLS) and confirmed that there was no data available, and he was unable to find any local advice. He suggested use of a consultant to estimate the rate of inflation for Mendocino County and to continue the past practice for this year. Staff will research and bring this issue back to the Board for discussion in the fall.

**Public Comment:** John Almida addressed the board.

**Board Action:** Motion was made by Mr. Sakowicz to approve the recommended COLA as of April 1, 2016 and direct staff to prepare additional information regarding the most appropriate CPI-U for Mendocino County, including a recommendation, for consideration by the board in the fall. Ms. Cavness seconded the motion and it was approved by the following vote: Ayes: Ms. Cavness, Mr. Sakowicz, Supervisor Gjerde, Mr. Stephens, Mr. Knudsen, Ms. Harris, Ms. Schapmire, and Mr. Goodman. Noes: 0. Abstain: 0. Absent: Mr. Walker.

**6) DISCUSSION AND POSSIBLE ACTION REGARDING RETIREMENT ADMINISTRATOR EVALUATION POLICY AND EVALUATION FORM**

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**Presenter/s:** Mr. Goodman referenced the Retirement Administrator Evaluation Policy and the Evaluation Form, amended during the January 19, 2016 board meeting.

Dr. Wilbanks explained the policy changes and stated that if the categories change we will have to correct the policy at that time.

**Board Action:** Motion was made by Mr. Sakowicz to approve the Administrator Evaluation Policy and Evaluation Form. Ms. Harris seconded the motion and it was approved by the following vote: Ayes: Ms. Cavness, Mr. Sakowicz, Supervisor Gjerde, Mr. Stephens, Mr. Knudsen, Ms. Harris, Ms. Schapmire, and Mr. Goodman. Noes: 0. Abstain: 0. Absent: Mr. Walker.

**7) DISCUSSION AND POSSIBLE ACTION REGARDING DRAFT PUBLIC RECORDS POLICY**

**Presenter/s:** Mr. Goodman referenced the draft Public Records Policy.

Dr. Wilbanks explained that this is a new policy. This draft was taken from Sonoma County and is consistent with applicable law. The policy will assist staff in providing requested public information in a timely manner and will reduce the amount of counsel review needed.

**Board Action:** Motion was made by Ms. Harris to approve Public Records Policy as presented. Ms. Schapmire seconded the motion and it was approved by the following vote: Ayes: Ms. Cavness, Mr. Sakowicz, Supervisor Gjerde, Mr. Stephens, Mr. Knudsen, Ms. Harris, Ms. Schapmire, and Mr. Goodman. Noes: 0. Abstain: 0. Absent: Mr. Walker.

**8) DISCUSSION AND POSSIBLE ACTION REGARDING STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS (SACRS) VOTING AUTHORITY POLICY**

**Presenter/s:** Mr. Goodman referenced the SACRS Voting Authority Policy.

**Board Action:** Motion was made by Mr. Gjerde to approve SACRS Voting Authority Policy. Ms. Schapmire seconded the motion and it was approved by the following vote: Ayes: Ms. Cavness, Mr. Sakowicz, Supervisor Gjerde, Mr. Stephens, Mr. Knudsen, Ms. Harris, Ms. Schapmire, and Mr. Goodman. Noes: 0. Abstain: 0. Absent: Mr. Walker.

**9) DISCUSSION AND POSSIBLE ACTION REGARDING TRUSTEE EDUCATION AND TRAVEL POLICY**

**Presenter/s:** Mr. Goodman referenced the Trustee Education and Travel Policy.

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Dr. Wilbanks explained that the policy was overdue for review and changes made were mostly in format. Mention of specific educational opportunities and reference to our advisors were eliminated.

**Board Action:** Motion was made by Mr. Stephens to approve Trustee Education and Travel Policy. Mr. Sakowicz seconded the motion and it was approved by the following vote: Ayes: Ms. Cavness, Mr. Sakowicz, Supervisor Gjerde, Mr. Stephens, Mr. Knudsen, Ms. Harris, Ms. Schapmire, and Mr. Goodman. Noes: 0. Abstain: 0. Absent: Mr. Walker.

#### 10) DISCUSSION REGARDING 2016 BOARD TRAINING PLAN

**Presenter/s:** Mr. Goodman referenced the 2016 Board Training Plan.

Dr. Wilbanks stated that the intent of this training plan was to bring educational opportunities to the board during their monthly meetings. He referenced AB1234 and AB1825 which require sexual harassment training and ethics. Investment training could be provided quarterly by Callan and the Retirement Administrator Evaluation should be done in May or June. Brown Act training will be scheduled in December. Trustees will receive credit for participation.

#### 11) MONTHLY FINANCIAL REPORT

**Presenter/s:** Mr. Goodman referenced the Monthly Financial Report.

Stan Conwell, Financial Investment Officer, provided a custodial bank update.

#### 12) QUARTERLY BUDGET UPDATE

**Presenter/s:** Mr. Goodman referenced the Quarterly Budget Update.

Dr. Wilbanks noted that page 6 is a 2016 Fiscal Year Budget Comparison, not 2015. 2016 Fiscal Year spending is below the prior year overall.

#### 13) RETIREMENT ADMINISTRATOR'S REPORT

- Pension Administration System Monthly Update
- Client Presentations
- Administrative and Operations Update

**Presenter/s:** Dr. Wilbanks referenced his administrative report.

Dr. Wilbanks stated that January benefits were paid through Pension Gold and we continue to move forward with the project. We have a tentative plan to begin electronic document

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imaging (EDMS) in April or May. He reported that he had begun providing client presentations and referenced a copy of the presentation materials. This was provided so that the board could see what is going out to our active employees. A presentation for retirees is currently under development. Dr. Wilbanks stated that Human Resources and Department Heads have received this presentation. Our target group is active employees and we are currently looking at options to schedule meetings with them.

Dr. Wilbanks reported that he has filed forms with SACRS to fill their Board Treasurer seat. He estimated that his time spent performing this duty would be minimal, if elected.

**13) GENERAL BOARD MEMBER DISCUSSION**

Mr. Knudsen asked about disability applications.

Mr. Sakowicz stated that he would be bringing information to the board regarding a community wealth fund.

**ADJOURNMENT 11:35 a.m.**

**NOTICE OF NEXT RETIREMENT BOARD MEETING**

- **The next regularly scheduled Board of Retirement meeting will be held Wednesday March 16, 2016 at 8:30 a.m. in the Mendocino County Employees' Association Conference Room.**