

◆MENDOCINO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION◆  
BOARD OF RETIREMENT MEETING MINUTES  
◆APRIL 20, 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, John Sakowicz, Supervisor Dan Gjerde, Ted Stephens, Craig Walker, Tim Knudsen, Jerilyn Harris, Richard Shoemaker, Shari Schapmire and Randy Goodman. Also present: James Wilbanks, Retirement Administrator, Jeff Berk, Legal Counsel, Stan Conwell, Financial Investment Officer, Judy Zeller, Administrative Assistant, and Greg DeForrest and John Pirone of Callan Associates.

**PUBLIC COMMENT:** None

**1) MINUTES OF THE BOARD MEETINGS HELD MARCH 16, 2016**

**Presenter/s:** Chair Goodman referenced the March 16, 2016 minutes and they were approved by unanimous consent.

**2) CONSENT AGENDA**

**A. March 2016 Retirement Report**

**B. Quarterly Trustee Education and Training Report**

**Presenter/s:** Chair Goodman referenced the Consent Agenda. Mr. Stephens asked to pull and discuss item 2A. Item 2B was approved by unanimous consent.

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

Mr. Stephens referenced Consent Agenda item 2A, retired deceased.

**Board Action:** Motion was made by Mr. Gjerde to approve Consent Agenda item 2A. Mr. Sakowicz seconded the motion and it was approved by the following vote: Ayes: Ms. Cavness, Mr. Sakowicz, Supervisor Gjerde, Mr. Stephens, Mr. Walker, Mr. Knudsen, Ms. Harris, Ms. Schapmire, and Mr. Goodman. Noes: 0. Abstain: 0. Absent: 0.

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

- **Asset Allocation Discussion – Asset Categories, Callan Associates**
- **Investment Manager Status Update: Royce Total Return, Morgan Stanley**

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**Presenter/s:** Greg De Forrest and John Pirone of Callan Associates presented information regarding the Asset-Liability study process and Asset Classes for consideration. Private equity, Hedge Funds, Multi-Asset Class (MAC), Infrastructure, and Commodities were discussed.

The board discussed administrative fees, volatility, diversification and liquidity. Mr. DeForrest stated that once a class is selected, investment models will be prepared and brought back to the board for discussion.

**Direction:** Callan Associates will bring more specific information regarding Private Equity and Multi-Asset Class asset categories to the Board.

**5) MONTHLY FINANCIAL REPORT**

**Presenter/s:** Dr. Wilbanks referenced the Monthly Financial Report.

Mr. Knudsen commented that MCERA is one of only three counties who have more retired members than active employees. He stated that a recent Public Retirement Journal survey showed that all 37 Act systems have a negative cash flow, all for different reasons.

**6) DISCUSSION AND POSSIBLE ACTION REGARDING 2016 BOARD WORK PLAN**

**Presenter/s:** Dr. Wilbanks referenced the 2016 Board work plan.

**Board Direction:** Staff will review the possibility of using the Pension Gold Member Portal to survey client satisfaction.

**7) DISCUSSION AND POSSIBLE ACTION REGARDING PLACEMENT AGENT DISCLOSURE POLICY**

**Presenter/s:** Dr. Wilbanks referenced the Placement Agent Disclosure Policy stating that the policy was due for review. The noted minor changes to the document were mostly grammatical.

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

**8) DISCUSSION AND POSSIBLE ACTION REGARDING PORTABLE ELECTRONIC DEVICE POLICY**

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**Presenter/s:** Dr. Wilbanks referenced the Portable Electronic Device Policy stating that this new policy is intended to provide trustees with guidelines for using electronic devices, tablets, in the conduct of MCERA business. This policy will allow us to keep MCERA Board business separate from private business.

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

9) **DISCUSSION AND POSSIBLE ACTION REGARDING DIRECTION TO MCERA VOTING DELEGATE REGARDING THE STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS (SACRS) MAY 13, 2016 BUSINESS MEETING**

- **SACRS Legislation**
  - A. **AB 1853 (Cooper) - 1937 Act Operating Authority**
  - B. **AB 2376 (Assembly PERS Committee) - SDCERA Proposal**
- **SACRS Bylaws**
  - A. **Amendment to Article IV - Delegates**
- **SACRS 2016-2017 Board of Director's Elections**

**Presenter/s:** Dr. Wilbanks referenced the SACRS Business Meeting materials, SACRS sponsored legislation AB 1853, AB 2376, and his memo explaining the legislation. In the memo he recommended the board give direction to the SACRS voting delegate to support both the Operating Authority proposal and the Sworn Statement proposal as SACRS sponsored legislation.

The board discussed both legislative items, the position of the California State Association of Counties (CSAC) on AB 1853, and concern over SACRS transparency. Mr. Stephens stated that he would not support either legislative item. Dr. Wilbanks referenced his memo and stated that AB 1853 does not require MCERA to do anything differently. He suggested we envision future areas where this board needs to become less dependent on the County and stated that much research and effort was put into his recommendation.

Mr. Knudsen expressed concern regarding AB 2376. Dr. Wilbanks explained that the ability to accept electronic data was the primary goal of this legislation. This ability is critical to business operations going forward. Other items have been included in AB 2376 that are not part of this primary goal.

**Public Comment:** Stan Anderson addressed the board regarding AB 1853.

**Board Action:** Motion was made by Mr. Stephens to direct the MCERA voting delegate not to support the Operating Authority proposal and the Sworn Statement proposal as SACRS

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sponsored legislation. Supervisor Gjerde seconded the motion and it was approved by the following vote: Ayes: Mr. Sakowicz, Supervisor Gjerde, Mr. Stephens, Mr. Walker, Mr. Knudsen. Noes: Ms. Cavness, Ms. Harris, Ms. Schapmire and Mr. Goodman. Abstain: 0. Absent: 0.

Dr. Wilbanks referenced the SACRS Business Meeting materials, proposed SACRS Bylaw changes, and the SACRS Nominating Committee recommended 2016-2017 Board of Director's final ballot. Dr. Wilbanks recommended the board give direction to the SACRS voting delegate to support the proposed SACRS Bylaw changes and to vote in favor of the SACRS Nominating Committee Recommended 2016-2017 final ballot.

The board discussed the SACRS Bylaw change and that it allows a county system to delegate a proxy vote by a non-member of the system. Mr. Knudsen stated that he would not support the Bylaw change because documentation of all of the changes made to the SACRS Bylaws had not been provided.

**Board Action:** Motion was made by Mr. Knudsen to direct the MCERA voting delegate not to support the SACRS Bylaw change. Mr. Sakowicz seconded the motion and it was approved by the following vote: Ayes: Mr. Sakowicz, Supervisor Gjerde, Mr. Stephens, Mr. Walker, Mr. Knudsen, Ms. Harris, Ms. Schapmire, and Mr. Goodman. Noes: Ms. Cavness. Abstain: 0. Absent: 0.

The board discussed the May 13, 2016 SACRS Board of Director's elections and the final ballot.

**Board Action:** Motion was made by Ms. Schapmire to direct the MCERA voting delegate to vote in favor of the SACRS Nominating Committee Recommended 2016-2017 final ballot as follows: President, Dan McAllister; Vice President, Gabe Rodrigues; Treasurer, Larry Walker; Secretary, Art Goulet. Ms. Cavness seconded the motion and it was approved by the following vote: Ayes: Ms. Cavness, Mr. Sakowicz, Supervisor Gjerde, Mr. Stephens, Mr. Walker, Mr. Knudsen, Ms. Harris, Ms. Schapmire, and Mr. Goodman. Noes: 0. Abstain: 0. Absent: 0.

#### 10) RETIREMENT ADMINISTRATOR'S REPORT

- Request of Member David Pelsler for Board Review Regarding the Application of Reciprocity
- Pension Administration System Monthly Update
- 625 Kings Court Maintenance Update
- Administrative and Operations Update

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

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**11) GENERAL BOARD MEMBER DISCUSSION**

Chair Goodman reminded the board that the Retirement Administrator evaluation will be handed out at our next meeting.

Mr. Knudsen inquired about disability applications. Dr. Wilbanks reported that two applications have been filed with the Managed Medical Review Organization (MMRO).

**ADJOURNMENT 11:22 a.m.**

**NOTICE OF NEXT RETIREMENT BOARD MEETING**

- **The next regularly scheduled Board of Retirement meeting will be held Wednesday May 18, 2016 at 8:30 a.m. in the Mendocino County Employees' Association Conference Room.**