

◆MENDOCINO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION◆  
BOARD OF RETIREMENT MEETING MINUTES  
◆DECEMBER 2, 2015 AT 8:30 A.M.◆

**CALL TO ORDER**

Shari Schapmire, Board Chair, called the meeting to order at 8:30 a.m.

**ROLL CALL**

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

Mr. Shoemaker participated by conference call from the Point Arena City Hall, City Manager Office, 451 School Street, Point Arena, CA 95468.

**PUBLIC COMMENT:** None.

**1) DISCUSSION AND POSSIBLE ACTION REGARDING ELECTION OF BOARD RETIREMENT OFFICERS FOR 2015/2016 AND APPOINTMENTS TO AUDIT AND BUDGET COMMITTEE (Estimated Time 5 min.)**

**Presenter/s:** Chair Schapmire announced that she would be stepping down as Chair of the Board. The board thanked Ms. Schapmire for her service as Board Chair.

**Board Action:** Motion was made by Ms. Harris to appoint Mr. Goodman as Board Chair, Supervisor Gjerde as Vice-Chair, and Mr. Knudsen as Secretary. Mr. Sakowicz seconded the motion and the slate of officers were appointed by the following vote: Ayes: Ms. Cavness, Mr. Sakowicz, Supervisor Gjerde, Mr. Stephens, Mr. Walker, Mr. Knudsen, Ms. Harris, and Ms. Schapmire. Noes: 0. Abstain: Mr. Goodman. Absent: 0.

Mr. Goodman assumed charge of the meeting as Chair and appointed Mr. Stephens as the Audit and Budget Committee Chair. Mr. Knudsen and Ms. Cavness will continue as Committee members and Mr. Sakowicz was newly appointed to the committee.

**2) DISCUSSION AND POSSIBLE ACTION REGARDING 2016 BOARD CALENDAR**

**Presenter/s:** Dr. Wilbanks referenced the 2016 Board of Retirement Calendar, which included some alternate meeting dates that were other than the customary third Wednesday of each month.

Ms. Schapmire requested scheduling the May and November meetings on the usual third Wednesday. Dr. Wilbanks explained that the State Association of Retirement Systems (SACRS)

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business meeting information may not be available for consideration in order to provide direction to delegates in May and November, and that the Actuarial Valuation report will be scheduled on November 2<sup>nd</sup>. The 2016 Board of Retirement Calendar was amended as follows: The May meeting will be held on the 18<sup>th</sup>, the November meeting will be held on the 2<sup>nd</sup>, and the December meeting will be held on the 14<sup>th</sup>. .

The 2016 Board of Retirement Calendar, as amended, was approved by unanimous consent.

**Board Action:** Motion was made by Mr. Stephens to move discussion items 11 & 12 to follow items 6 and 7 (Actuarial Valuations). Mr. Gjerde seconded the motion and the motion was approved by the following vote: Ayes: Mr. Goodman Ms. Cavness, Mr. Sakowicz, Supervisor Gjerde, Mr. Stephens, Mr. Walker, Mr. Knudsen, Ms. Harris, and Ms. Schapmire. Noes: 0. Abstain: 0. Absent: 0.

**3) MINUTES OF THE BOARD MEETING HELD NOVEMBER 12, 2015**

**Presenter/s:** Chair Goodman referenced the November 12, 2015 board meeting minutes.

Mr. Stephens requested amendment to Page 3 of the November 12, 2015 minutes. The first paragraph should state the Federal Reserve instead of Federal Government and the second paragraph should refer to the ten year expected rate of return of 6.66% (before investment and administrative expense) suggest by Callan two years ago.

The November 12, 2015 minutes, as amended, were approved by unanimous consent.

**4) CONSENT AGENDA**

**A. November 2015 Retirement Report**

**Presenter/s:** Chair Goodman referenced the consent agenda.

The Consent Agenda was approved by unanimous consent.

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

None

**6) PRESENTATION AND POSSIBLE ACTION REGARDING THE JUNE 30, 2015  
ACTUARIAL VALUATION STUDY**

**Presenter/s:** Andy Yeung and Dirk Adamsen of Segal Consulting referenced the Actuarial Funding Valuation Study for the Year Ended June 30, 2015. Mr. Yeung provided a detailed

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explanation of the report and addressed questions. There was discussion regarding the Unfunded Actuarial Accrued Liability (UAAL), asset smoothing, employer and employee contribution rates, actuarial experience study, assumptions, excess earnings, and deferred gains.

**Public Comment:** Neelam Salmen, Jerod Carter and John Robertson addressed the board.

Mr. Stephens expressed his concern regarding the \$182 million in UAAL stating that it has increased steadily since 2009.

**Board Action:** Motion was made by Mr. Sakowicz to adopt the June 30, 2015 Actuarial Valuation report. Ms. Harris seconded the motion and the motion was approved by the following vote: Ayes: Mr. Goodman Ms. Cavness, Mr. Sakowicz, Supervisor Gjerde, Mr. Walker, Mr. Knudsen, Ms. Harris, and Ms. Schapmire. Noes: Mr. Stephens. Abstain: 0. Absent: 0.

**7) DISCUSSION AND POSSIBLE ACTION REGARDING THE JUNE 30, 2015  
GOVERNMENTAL ACCOUNTING STANDARDS (GAS) 67 ACTUARIAL VALUATION**

**Presenter/s:** Andy Yeung and Dirk Adamsen of Segal Consulting referenced the GAS 67 Actuarial Valuation for the Year Ended June 30, 2015. Mr. Yeung provided a detailed explanation of the report and addressed any questions.

**Board Action:** Motion was made by Mr. Sakowicz to adopt the GAS 67 Actuarial Valuation report. Mr. Knudsen seconded the motion and the motion was approved by the following vote: Ayes: Mr. Goodman Ms. Cavness, Mr. Sakowicz, Supervisor Gjerde, Mr. Walker, Mr. Knudsen, Ms. Harris, and Ms. Schapmire. Noes: Mr. Stephens. Abstain: 0. Absent: 0.

**11) DISCUSSION AND POSSIBLE ACTION REGARDING EXCESS EARNINGS POLICY**

**Presenter/s:** Chair Goodman referenced the Excess Earnings Policy.

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

Dr. Wilbanks referenced his recommendations regarding the Interest Crediting Policy asking the board to revoke this policy and explained that a potential problem exists to have two polices about a specific topic. A significant part of interest crediting is procedure, not policy.

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Dr. Wilbanks asked for direction to staff to write a procedure to handle interest crediting at a staff level.

**Direction to Staff:** Staff will bring the Interest Crediting and Excess Earnings Policy to the board on the next agenda for revocation and will prepare a written procedure to outline the process of crediting interest to member accounts.

## 12) DISCUSSION AND POSSIBLE ACTION REGARDING OVERPAYMENT POLICY

**Presenter/s:** Chair Goodman referenced the Overpayment Policy.

Motion was made by Mr. Sakowicz to adopt the overpayment policy. Mr. Walker seconded the motion.

Dr. Wilbanks explained that this draft policy is intended to clarify positions this board has taken and to specify how the board will deal with overpayments and disclosure to plan sponsors and the public. The board discussed clarifying the 3 year period referenced in the policy and disclosure of uncollected overpayments.

**Public Comment:** John Dickerson, Evelyn Hayman, Kendall Smith, and Mike Anderson addressed the board.

Dr. Wilbanks asked for clarification of the board's direction. If the policy is to be revised then the current motion should be withdrawn and direction should be given to staff. Mr. Sakowicz and Mr. Walker withdrew their motions.

**Direction to Staff:** Staff will bring the Overpayment Policy back to the board for review with suggested changes.

## 8) DISCUSSION AND POSSIBLE ACTION REGARDING MONTHLY INVESTMENT REPORT

- Janus Overseas Fund Termination Update
- Investment Manager Status Update: PIMCO, Royce Total Return, Morgan Stanley

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

## 9) MONTHLY FINANCIAL REPORT

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

Mr. Walker left the meeting at 11:30 a.m.

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**10) DISCUSSION AND POSSIBLE ACTION REGARDING 2016 STRATEGIC PLAN**

**Presenter/s:** Dr. Wilbanks referenced the 2016 Strategic Plan.

**Board Action:** Motion was made by Mr. Gjerde to approve the 2016 Strategic Plan. Ms. Harris seconded the motion and the motion was approved by the following vote: Ayes: Mr. Goodman Ms. Cavness, Mr. Sakowicz, Supervisor Gjerde, Mr. Stephens, Mr. Knudsen, Ms. Harris, and Ms. Schapmire. Noes:0. Abstain: 0. Absent: Mr. Walker.

**LUNCH RECESS (11:55 p.m.)**

**RECONVENE (12:25 p.m.)**

**13) CLOSED SESSION (Estimated Time 1 hour)**

- **Carin Sharp Disability Application**
- **Thomas Schroeder Disability Application**
- **Michael Gander Disability Application**
- **Arlie Keeton Disability Application**

**REPORT OUT FROM CLOSED SESSION**

**Board Action:** Motion was made by Mr. Knudsen to approve Carin Sharp for Service Connected Disability Retirement. Ms. Schapmire seconded the motion and it was approved by the following vote: Ayes: Mr. Goodman, Ms. Cavness, Supervisor Gjerde, Mr. Stephens, Mr. Knudsen, and Ms. Schapmire. Noes: Ms. Harris and Mr. Sakowicz. Abstain: 0. Absent: Mr. Walker.

**Board Action:** Motion was made by Ms. Harris to approve Thomas Schroeder for Service Connected Disability Retirement. Ms. Schapmire seconded the motion and it was approved by the following vote: Ayes: Mr. Goodman, Ms. Cavness, Mr. Sakowicz, Supervisor Gjerde, Mr. Stephens, Mr. Knudsen, Ms. Harris, and Ms. Schapmire. Noes: 0. Abstain: 0. Absent: Mr. Walker.

**Board Action:** Motion was made by Ms. Harris to approve Michael Gander for Service Connected Disability Retirement. Ms. Cavness seconded the motion and it was approved by the following vote: Ayes: Mr. Goodman, Ms. Cavness, Mr. Sakowicz, Supervisor Gjerde, Mr. Stephens, Mr. Knudsen, Ms. Harris, and Ms. Schapmire. Noes: 0. Abstain: 0. Absent: Mr. Walker.

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**Board Action:** Motion was made by Ms. Schapmire to approve Arlie Keeton for Service Connected Disability Retirement. Ms. Harris seconded the motion and it was approved by the following vote: Ayes: Mr. Goodman, Ms. Cavness, Mr. Sakowicz, Supervisor Gjerde, Mr. Stephens, Mr. Knudsen, Ms. Harris, and Ms. Schapmire. Noes: 0. Abstain: 0. Absent: Mr. Walker.

**14) RETIREMENT ADMINISTRATOR'S REPORT**

- **Pension Administration System Monthly Update**
- **Administrative and Operations Update**
- **Retirement Administrator Performance Evaluation Policy and Evaluation Form**

**Presenter/s:** Dr. Wilbanks referenced the Pension Administration System Monthly Update and provided a brief report on administration and operations. He stated that the retirement office would be closed December 24 and 25 for the holiday and December 30 and 31 to prepare for go-live with the Pension Administration System. The Retirement Administrator Policy and evaluation form still need review. Staff would like the opportunity to see if there is another evaluation form available.

**Direction to Staff:** Staff will look for an alternative evaluation form.

**15) GENERAL BOARD MEMBER DISCUSSION**

Dr. Wilbanks stated that January 19th joint board meeting is tentative until the Board of Supervisors (BOS) adopt their 2016 calendar on January 4th. The board discussed having the ability to project presentations in the future to benefit the audience and if staff could inquire regarding meeting in the BOS chambers.

**Direction to Staff:** Staff will inquire about the use of the BOS chambers for meetings.

Mr. Stephens announced that the Retirement Administrator recently conducted outreach to the Farm Bureau regarding meeting. Dr. Wilbanks had done outreach and he had been invited to speak and review both sides of retirement issues with a moderator. Our communication policy states that our board must authorize this type of communication. Dr. Wilbanks has planned to make a presentation to the Farm Bureau and will answer any questions.

Ms. Schapmire provided a report on her attendance at the SACRS business meeting. Two agenda items, Special District Status and Electronic Signature, were tabled to May. Half of systems did not have an opportunity for their boards to discuss their position and provide direction to delegates; therefore most delegates abstained from voting. SACRS will contact each system regarding this issue before the May SACRS meeting. The SACRS bylaw issue has not moved forward and we may need to contact SACRS regarding this.

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16) NOTICE OF NEXT MEETING

- The next scheduled Board of Retirement meeting will be held Tuesday January 19, 2016.

ADJOURNMENT (Approximate Time 1:00 p.m.)