

◆MENDOCINO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION◆

BOARD OF RETIREMENT MEETING MINUTES

◆July 19, 2017 AT 8:30 A.M.◆

CALL TO ORDER

Dan Gjerde, Board Chair, called the meeting to order at 8:32 a.m.

ROLL CALL AND PLEDGE OF ALLEGIANCE

Roll call was conducted with the following members present: Shari Schapmire, Patrick Sullivan, Kathryn Cavness, Tim Knudsen, Jeri Harris, Richard Shoemaker and Dan Gjerde. Also present: James Wilbanks, Retirement Administrator, Jeff Berk, Legal Counsel, Stan Conwell, Financial Investment Officer, Greg DeForrest and Alina Vartanyan of Callan Associates, and Judy Zeller, Administrative Assistant. Absent: Craig Walker and Lee Parker.

Public Comment: None

1) MINUTES OF THE BOARD MEETING HELD JUNE 21, 2017

Presenter/s: Chair Gjerde referenced the June 21, 2017 minutes which were approved by unanimous consent. Approval of the minutes will now be placed on the Consent Agenda.

2) CONSENT AGENDA

- June 2017 Retirement Report
- Quarterly Trustee Education and Training Report

Presenter/s: Chair Gjerde referenced the consent agenda which was approved by unanimous consent.

3) DISCUSSION AND POSSIBLE ACTION REGARDING INVESTMENT MATTERS

- Monthly Investment Report
- Securities Lending Overview
- Cap Weighted Index Manager Reviews and Possible Selection
- Equal Weighted Index Manager Reviews and Possible Selection

Presenter/s: Greg DeForrest of Callan Associates began with an educational overview of Securities Lending which explained what Securities Lending is, the market size, who does this type of lending, and associated risk. Callan did not recommend securities lending for MCERA.

Craig Walker arrived at 8:39 am.

Mr. DeForrest referenced Cap Weighted and Equal Weighted Index Manager Reviews. Three Cap Weighted funds; Vanguard, Black Rock, and State Street; and two Equal Weighted funds; Black Rock and State Street, were identified for consideration. Mr. DeForrest recommended

◆ MENDOCINO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION ◆

BOARD OF RETIREMENT MEETING MINUTES

◆ July 19, 2017 AT 8:30 A.M. ◆

retaining Vanguard to continue managing the Cap Weighted Index and hiring State Street to manage the equal weighted index for MCERA.

Board Action: Motion was made by Ms. Harris to continue with Vanguard and to hire State Street for the Equal Weighted S&P 500 Index non-lending vehicle. Mr. Walker seconded the motion which was approved by the following vote: Ayes: Shari Schapmire, Patrick Sullivan, Kathryn Cavness, Craig Walker, Tim Knudsen, Jeri Harris, and Dan Gjerde. Noes:0. Abstain: 0. Absent: Lee Parker.

Mr. DeForrest referenced the preliminary investment report for June 2017. More detailed reporting will be presented with the next quarterly review.

4) MONTHLY FINANCIAL REPORT

Presenter/s: Dr. Wilbanks referenced the monthly financial report. The Monthly Financial Report will now be included on the Consent Agenda.

5) DISCUSSION AND POSSIBLE ACTION REGARDING RESOLUTION 2017-01 DEFINING COMPENSATION EARNABLE PURSUANT TO GOVERNMENT CODE SECTION 31461 FOR MEMBERS WHO ARE NOT SUBJECT TO GOVERNMENT CODE SECTION 7522.34 (NON- PEPRA MEMBERS)

Presenter/s: Dr. Wilbanks explained draft Resolution 2017-01 and that it must be backdated due to new pay code use as of July 2nd.

Board Action: Motion was made by Ms. Schapmire to approve Resolution 2017-01. Mr. Sullivan seconded the motion which was approved by the following vote: Ayes: Shari Schapmire, Patrick Sullivan, Kathryn Cavness, Tim Knudsen, Jeri Harris, and Dan Gjerde. Noes: 0. Abstain: 0. Craig Walker. Absent: Lee Parker.

6) DISCUSSION AND POSSIBLE ACTION REGARDING RESOLUTION 2017-02 DEFINING PENSIONABLE COMPENSATION PURSUANT TO GOVERNMENT CODE SECTION 7522.34 FOR MEMBERS WHO ARE NOT SUBJECT TO GOVERNMENT CODE SECTION 31461 (PEPRA MEMBERS)

Presenter/s: Dr. Wilbanks explained draft Resolution 2017-02.

Board Action: Motion was made by Ms. Schapmire to approve Resolution 2017-02. Mr. Sullivan seconded the motion which was approved by the following vote: Ayes: Shari Schapmire, Patrick Sullivan, Kathryn Cavness, Tim Knudsen, Jeri Harris, and Dan Gjerde. Noes: 0. Abstain: Craig Walker. Absent: Lee Parker.

7) DISCUSSION AND POSSIBLE ACTION REGARDING BUDGET ADOPTION POLICY

◆MENDOCINO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION◆

BOARD OF RETIREMENT MEETING MINUTES

◆July 19, 2017 AT 8:30 A.M.◆

Presenter/s: Dr. Wilbanks referenced the Budget Adoption Policy, explained his edits to the policy, and recommended adoption.

Board Action: Motion was made by Ms. Harris to approve the Budget Adoption Policy as amended. Ms. Cavness seconded the motion which was approved by the following vote: Ayes: Shari Schapmire, Patrick Sullivan, Kathryn Cavness, Craig Walker, Tim Knudsen, Jeri Harris, and Dan Gjerde. Noes: 0. Abstain: 0. Absent: Lee Parker.

8) DISCUSSION AND POSSIBLE ACTION REGARDING TELEWORK POLICY

Presenter/s: Dr. Wilbanks referenced a draft Telework Policy. He explained creating the policy. Discussion included development of a program, office hours, policy support, security and confidentiality. Dr. Wilbanks added that he will report to the board on this policy at least every year vs the three year review stated in the policy.

Board Action: Motion was made by Ms. Harris to adopt the Telework Policy for MCERA. Mr. Walker seconded the motion which was approved by the following vote: Ayes: Patrick Sullivan, Kathryn Cavness, Craig Walker, Tim Knudsen, Jeri Harris, and Dan Gjerde. Noes: 0. Abstain: Shari Schapmire. Absent: Lee Parker.

9) DISCUSSION AND POSSIBLE ACTION REGARDING BOARD WORK PLAN

Presenter/s: Dr. Wilbanks referenced the Board Work Plan. Items of discussion included the organizational review, development of a client survey, the member handbook, client and community presentations, process review, and risk assessment. Two new items have been added to the work plan; an Investment Belief Policy and Investment Consultant Options, in preparation for the investment consultant request for proposal (RFP).

10) DISCUSSION AND POSSIBLE ACTION REGARDING STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS (SACRS) 2018 LEGISLATIVE PLATFORM AND TIMELINES

Presenter/s: Dr. Wilbanks referenced the SACRS 2018 Legislative Platform. If the board has any interest in presenting legislative items to the SACRS Committee for review, the deadline to submit is in September. The board discussed interest in submitting the Cost of Living Allowance (COLA) issue for rural counties and the alternate trustee positions for review. They agreed that both items could be planned for next year to allow for staff research and development. This project was added to the Board Work Plan for the fall of 2019.

11) RETIREMENT ADMINISTRATOR REPORT

- Strategic Planning Off-Site Meeting
- 625 Kings Court Appraisal
- Service Retirement Policy

◆MENDOCINO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION◆

BOARD OF RETIREMENT MEETING MINUTES

◆July 19, 2017 AT 8:30 A.M.◆

- Board of Retirement Elections
- Board of Retirement Appointment

Presenter/s: Dr. Wilbanks provided his administrative report. He referenced Strengths Finder 2.0 and provided a copy to trustees. The online assessment should be completed by next meeting and the results will be discussed during the off site meeting. The Kings Court appraisal is complete and the value has increased. A new policy has been implemented which outlines the process and timing of retirement applications, and clarifies deadlines and legal requirements. Board photos and biographies will be added to the website and biographies must be submitted by the end of this month. The last item discussed was the new MCERA logo, developed by Nora Morgan, which will assist in identifying MCERA as an independent organization. Alternative website options for MCERA are currently being explored.

12) GENERAL BOARD MEMBER DISCUSSION

Mr. Knudsen commented on the Service Retirement Policy.

Mr. Walker offered his support for Ms. Harris and Chair Gjerde to continue as trustees for another term.

ADJOURNMENT AND NOTICE OF NEXT BOARD OF RETIREMENT MEETING

- Meeting adjourned at 11:01 a.m.
- The next regularly scheduled Board of Retirement meeting will be held Wednesday August 16, 2017 at 8:30 a.m. in the Mendocino County Employees' Association Conference Room.