

Board of Retirement Meeting Minutes

December 13, 2017 – 8:30 a.m.

Call to Order

Dan Gjerde, Chair, called the meeting to order at 8:35 a.m.

Pledge of Allegiance

Present: Shari Schapmire, Patrick Sullivan, Kathryn Cavness, Lee Parker, Tim Knudsen, Richard Shoemaker and Chair Gjerde.

Also present: James Wilbanks, Retirement Administrator, Jeff Berk, Legal Counsel, Stan Conwell, Financial Investment Officer, and Judy Zeller, Administrative Assistant. Ashley Casey of Brown Armstrong participated by teleconference.

Absent: Jerilyn Harris, Kathy Smith by prior arrangement and Craig Walker by prior arrangement.

Public Comment: None

1) Discussion and Possible Action Regarding Election of Board of Retirement Officers for 2017/2018 and Appointments to Audit and Budget Committee

Presenter/s: Chair Gjerde called for the election of Board of Retirement Officers for 2017/2018. The board discussed two year terms vs one year terms per the Bylaws. Dr. Wilbanks stated that this item will be included in the Bylaws review project which is included in the Staff Work Plan.

Board Action: Motion was made by Mr. Parker to keep the same slate of officers for 2017/2018, Dan Gjerde, Chair, Kathryn Cavness, Vice Chair, and Tim Knudsen, Secretary. Mr. Sullivan seconded the motion which was approved unanimously.

Chair Gjerde asked if the current Audit and Budget Committee members were willing to continue serving. All members agreed and Chair Gjerde stated that committee will continue with the same appointments for 2018.

2) Consent Agenda

- Minutes of the November 1, 2017 Board Meeting
- November 2017 Retirement Report
- Monthly Preliminary Financial Report
- 2018 Board Meeting Calendar

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

3) Discussion and Possible Action Regarding Any Consent Agenda Item Needing Separate Action

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None

4) Audit and Budget Committee Report

- Discussion and Possible Action Regarding Adoption of the Financial Statements and Independent Audit Report for Year Ended June 30, 2017 (Brown Armstrong)

Presenter/s: Mr. Knudsen, Audit and Budget Committee Chair, provided a brief report on the committee's review of the independent audit report at their December 4, 2017 meeting. Brown Armstrong presented the report to the committee and a motion to recommend approval of the external audit report for the fiscal year ended June 30, 2017 was approved unanimously.

Ashley Casey of Brown Armstrong joined the board meeting by teleconference. She referenced the final financial statements presented to the board and was pleased to announce that Brown Armstrong had issued an unmodified opinion. She explained a recent change in terminology and that modified/unmodified opinion is now used instead of qualified/unqualified opinion. An unmodified opinion is very good. A modified opinion is not. Dr. Wilbanks added that he was very pleased Brown Armstrong's work.

Board Action: Motion was made by the Audit and Budget Committee to adopt the Financial Statements and Independent Audit Report for the Year Ended June 30, 2017 and this motion was approved unanimously.

5) Discussion and Possible Action Regarding Investment Matters

- Monthly Investment Report

Presenter/s: Dr. Wilbanks referenced the preliminary monthly investment reports for October and November and stated that the new investment with State Street Global Advisors S&P Equal Weighted Index will be funded this week.

6) Discussion and Possible Action Regarding Actuarial Auditing Services Request For Proposal Selection of Actuarial Auditing Services Provider

Presenter/s: Dr. Wilbanks referenced the recent Request for Proposal (RFP) for Actuarial Auditing Services. Proposals were submitted by Cheiron Inc. and Milliman and interviews were held on December 8, 2017. Discussion included proposal differences, rotation of actuaries for audit, contracting issues, audit completion by May 2018, and conflict of interest. Dr. Wilbanks explained that both agencies are very qualified and the final presentation will be made by video conference per the RFP.

Board Direction: Staff will finalize the contract by year end and the actuarial audit will begin immediately following January 1, 2018.

Board Action: Motion was made by Mr. Knudsen to select Cheiron, Inc. to provide actuarial auditing services. Ms. Schapmire seconded the motion which was approved unanimously.

7) Discussion and Possible Action Regarding Resolution 2017 – 08 Defining Compensation Earnable Pursuant to Government Code Section 31461 For Members Who Are Not Subject to Government Code Section 7522.34 (Non-PEPRA Members)

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Presenter/s: Dr. Wilbanks referenced resolution 2017-08 and explained that the resolution was necessary due to pay code changes made due to recent collective bargaining with the Mendocino County Management Association. Approval was recommended.

Board Action: Motion was made by Mr. Knudsen adopt Resolution 2017-08. Ms. Cavness seconded the motion which was approved unanimously.

8) Discussion and Possible Action Regarding Resolution 2017 – 09 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 referenced Resolution 2017-09 which is also necessary following pay code changes and recommend approval.

Board Action: Motion was made by Ms. Schapmire to approve Resolution 2017-09. Mr. Sullivan seconded the motion which was approved unanimously.

9) Retirement Administrator Report

- Consolidated Case Update
- Amortization Schedule
- RV Kuhns Comparison
- 625 Kings Court Update
- MCERA Office Hours
- Draft 2018 Board Meeting Calendar
- MCERA Holiday Hours
- Fiduciary Insurance Renewal, Waiver of Recourse Payments

Presenter/s: Dr. Wilbanks provided his administrative report. Discussion included the consolidated court case update, the amortization schedule and the Unfunded Actuarial Accrued Liability, the RV Kuhns report, and Kings Court. He reminded trustees that the office will be closed during the week of Christmas.

10) Discussion and Possible Action Regarding 2018 Board Work Plan

Presenter/s: Dr. Wilbanks referenced the 2018 Board Work Plan and presented the results of the work plan prioritization survey taken by both staff and trustees. The board inquired about project time management, levels of project difficulty, and availability of resources. Dr. Wilbanks asked for board direction regarding prioritization of the work plan and he referred to the prioritization differences between staff and trustees. The draft 2018 work plan includes new items in each category by the board's prioritization survey.

Dr. Wilbanks recommended completing the communication strategy before other communication items and postponing the Information Technology (IT) security audit because the County is beginning development of an IT master plan. Discussion followed regarding the project list and items the board felt could be completed quickly and there was interest in preparing time and cost estimates for the new projects included in the work plan.

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Mr. Sullivan mentioned the Annual Cost of Living Adjustment (COLA) and that new Federal data is available. Discussion followed regarding taking the COLA issue to State Association of California Retirement Systems (SACRS) as a legislative item, whether the COLA report should be reviewed with the new data, board policy to review the COLA every five years, and whether there is a need for a review committee. Dr. Wilbanks felt the full board should participate in prioritizing the work plan and recommended bringing the work plan back for discussion at the next board meeting with additional information.

Board Direction: Staff will obtain additional information and will bring the 2018 board work plan back for discussion at the next board meeting.

12) General Board Member Discussion

Mr. Parker reported on his attendance at the California Institutional Investor Forum held in Napa, CA December 7, 2017.

The board briefly discussed Senate Bill (SB) 671 which is effective Jan 1, 2018.

Ms. Schapmire confirmed that the July 18, 2018 board meeting would be held at an alternate location on the coast.

11) Closed Session

- Regina Piehoff, Corrections Deputy, Application for Service Connected Disability Retirement
- Eric Romandia, Corrections Deputy, Application for Service Connected Disability Retirement
- David Robison, Corrections Deputy, Application for Service Connected Disability Retirement

Board Action: Motion was made by Mr. Tim Knudsen to approve Regina Piehoff for a service connected disability retirement. Mr. Sullivan seconded the motion which was approved unanimously.

Board Action: Motion was made by Ms. Cavness to approve Eric Romandia for a service connected disability retirement. Ms. Schapmire seconded the motion which was approved unanimously.

Board Action: Motion was made by Mr. Sullivan to approve David Robison for a service connected disability retirement. Mr. Knudsen seconded the motion which was approved unanimously.

Adjournment and Notice of Next Board of Retirement Meeting

Meeting adjourned at 10:49 a.m.

The next regularly scheduled Board of Retirement meeting will be held Wednesday January 17, 2018 at 8:30 a.m. in the Mendocino County Employees Association Conference Room.