

## **Board of Retirement Meeting Minutes**

**September 19, 2018 – 8:30 a.m.**

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### **Call to Order**

Dan Gjerde, Chair, called the meeting to order at 10:08 a.m.

**Present:** Patrick Sullivan, Kathryn Cavness, Kathryn Smith, Craig Walker, Tim Knudsen, Jerilyn Harris, Chair Gjerde and Richard Shoemaker.

**Absent:** Shari Schapmire and Lee Parker.

**Also present:** James Wilbanks, Executive Director, Jeff Berk, Legal Counsel, Stan Conwell, Financial Investment Officer, Greg DeForrest and Jay Kloepfer of Callan LLC, and Judy Zeller, Administrative Assistant.

### **Pledge of Allegiance**

**Public Comment:** None

#### **1) Consent Agenda**

- Minutes of the August 15, 2018 Board Meeting
- August 2018 Retirement Report
- Monthly Preliminary Financial Report

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

#### **2) Discussion and Possible Action Regarding Any Consent Agenda Item Needing Separate Action**

None

#### **3) Discussion and Possible Action Regarding Investment Matters**

- Quarterly Investment Report
- Harbor International Update
- Preliminary Monthly Investment Report
- Real Assets Education and Manager Structure

**Presenter/s:** Mr. Kloepfer provided an educational presentation regarding real assets and manager structure.

Mr. Parker entered the meeting at 10:23 a.m.

Mr. DeForrest referenced the second quarter investment report, provided updates regarding Investec and the Harbor International Equity Fund, and referenced the preliminary monthly investment report for August.

# **Board of Retirement Meeting Minutes**

## **September 19, 2018 Continued**

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**Board Direction:** Callan will provide additional information and education regarding real assets and manager structure in November or December.

Mr. Walker left the meeting at 11:34 a.m.

#### **4) MCERA Pension System Overview and Perspective Presentation**

The Pension System Overview Presentation was removed from this agenda and will be rescheduled.

#### **5) Discussion and Possible Action Regarding Resolution 2018 – 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 referenced Resolution 2018-01.

**Board Action:** Motion was made by Mr. Knudsen to approve Resolution 2018-01. Ms. Harris seconded the motion which was approved by the following vote: Ayes: Patrick Sullivan, Lee Parker, Kathryn Smith, Tim Knudsen, Jerilyn Harris, Kathryn Cavness and Dan Gjerde. Noes: 0. Abstain: 0. Absent: Craig Walker and Shari Schapmire.

#### **6) Discussion and Possible Action Regarding Resolution 2018 – 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 referenced Resolution 2018-02.

**Board Action:** Motion was made by Ms. Smith to approve Resolution 2018-02. Mr. Sullivan seconded the motion which was approved by the following vote: Ayes: Patrick Sullivan, Lee Parker, Kathryn Smith, Tim Knudsen, Jerilyn Harris, Kathryn Cavness and Dan Gjerde. Noes: 0. Abstain: 0. Absent: Craig Walker and Shari Schapmire.

#### **7) Discussion and Possible Action Regarding Reconsideration of the Appropriate Region for MCERA Cost of Living Adjustments**

**Presenter/s:** Dr. Wilbanks referenced a report regarding reconsideration of the appropriate region for MCERA cost of living adjustments.

**Board Action:** Motion was made by Mr. Parker to continue to use the Western Region as the appropriate region for MCERA cost of living adjustments. Ms. Harris seconded the motion which was approved by the following vote: Ayes: Lee Parker, Kathryn Smith, Jerilyn Harris, and Dan Gjerde. Noes: Patrick Sullivan, Tim Knudsen, and Kathryn Cavness. Abstain: 0. Absent: Craig Walker and Shari Schapmire.

# **Board of Retirement Meeting Minutes**

## **September 19, 2018 Continued**

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### **8) Discussion and Possible Action Regarding Retiree Return to Covered Employment Policy**

**Presenter/s:** Dr. Wilbanks referenced a draft policy regarding MCERA retirees returning to County employment.

**Board Direction:** Staff will amend the policy by adding the word adopted to the very last sentence.

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

### **9) Discussion and Possible Action Regarding Amendments to Executive Director Charter**

**Presenter/s:** Dr. Wilbanks referenced amendments to the Executive Director Charter.

**Board Action:** Motion was made by Ms. Smith to approve the amended Executive Director Charter. Mr. Sullivan seconded the motion which was approved by the following vote: Ayes: Patrick Sullivan, Lee Parker, Kathryn Smith, Tim Knudsen, Jerilyn Harris, Kathryn Cavness and Dan Gjerde. Noes: 0. Abstain: 0. Absent: Craig Walker and Shari Schapmire.

### **10) Discussion and Possible Action Regarding MCERA Board Governance Evaluation**

**Presenter/s:** Dr. Wilbanks referenced information regarding evaluation of MCERA Board Governance and his prior governance report on August 15, 2018.

**Board Action:** Motion was made by Ms. Harris to approve Board completion of the Governance Self-Assessment Checklist provided by Fiduciary Governance Analytics and an increase to the MCERA budget by \$2,500 for payment for these services. Ms. Cavness seconded the motion which was approved by the following vote: Ayes: Patrick Sullivan, Lee Parker, Kathryn Smith, Tim Knudsen, Jerilyn Harris, Kathryn Cavness and Dan Gjerde. Noes: 0. Abstain: 0. Absent: Craig Walker and Shari Schapmire.

### **11) Quarterly Budget Update**

**Presenter/s:** Dr. Wilbanks referenced the quarterly budget update prepared by Mr. Conwell.

### **12) Discussion Regarding Administrative Report**

- Independent Review of Retirement Benefits for Related Parties
- 625 Kings Court Emergency Backup Generator
- Nossaman Annual Fiduciaries Forum
- SACRS Legislative Report

**Presenter/s:** Dr. Wilbanks referenced the administrative report. He asked for board opinion regarding acquiring a backup generator for MCERA and business continuity was discussed.

# **Board of Retirement Meeting Minutes**

## **September 19, 2018 Continued**

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### **13) General Board Member Discussion**

Mr. Shoemaker proposed formatting changes to the agenda.

Ms. Smith commented on attending the CALAPRS Principles of Pension Management for Trustees held at Pepperdine University, August 27-30, 2018.

### **Adjournment and Notice of Next Board of Retirement Meeting**

Meeting adjourned at 1:46 p.m.

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