

◆MENDOCINO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION◆
BOARD OF RETIREMENT MEETING MINUTES
◆JUNE 21, 2017 AT 8:30 A.M.◆

CALL TO ORDER

Dan Gjerde, 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: Patrick Sullivan, Kathryn Cavness, Lee Parker, Craig Walker, 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: Shari Schapmire.

Public Comment: None

1) MINUTES OF THE BOARD MEETING HELD MAY 10, 2017

Presenter/s: Chair Gjerde referenced the May 10, 2017 minutes which were approved by unanimous consent.

2) CONSENT AGENDA

- May 2017 Retirement Report

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

Mr. Knudsen requested including the beginning fiscal year totals, the next period totals, and year to date totals for all categories in the retirement report.

3) DISCUSSION AND POSSIBLE ACTION REGARDING INVESTMENT MATTERS

- International Small Cap Manager Interviews and Possible Selection
 - T. Rowe Price Associates
 - QS Investors
 - Brandes Investment Partners
- Transition Plan
- Monthly Investment Report

Presenter/s: Greg DeForrest of Callan Associates began with the monthly investment report. The May market value of assets was \$483 million, up \$7 million in investment returns for the month.

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A recap of the asset allocation process and the review of investment managers was provided. Mr. DeForrest explained the differences between the three International Small Cap managers to be interviewed and that we will be looking at both comingled and mutual funds.

Interviews were conducted with L. Kenneth Brooks and Jason A. White of T. Rowe Price Associates, and Timothy Stanton and Christopher F. Floyd of QS Investors, and Christopher R. Chard and Scott Thompson of Brandes Investment Partners. Mr. DeForrest provided a brief recap of each manager's characteristics. Discussion included fees and performance, collective investment trusts vs mutual funds, and investment strategy.

Board Action: Motion was made by Ms. Harris to select International Small Cap investment manager T. Rowe Price. Ms. Cavness seconded and the motion was approved by the following vote: Ayes: Patrick Sullivan, Kathryn Cavness, Lee Parker, Tim Knudsen, Jeri Harris, and Dan Gjerde. Noes: Craig Walker. Abstain: 0. Absent: Shari Schapmire.

Chair Gjerde announced that we will move to agenda items 5 through 7.

5) MONTHLY FINANCIAL REPORT

Presenter/s: Dr. Wilbanks referenced the monthly financial report.

6) DISCUSSION AND POSSIBLE ACTION REGARDING AGREEMENT WITH HANSON BRIDGETT FOR LEGAL CONSULTING SERVICES

Presenter/s: Chair Gjerde referenced an agreement with Hanson Bridgett for legal consulting services. Dr. Wilbanks explained the increase over last year's agreement of \$15,000 to \$30,000. Page 15 of the document will be corrected to reflect that change.

Board Action: Motion was made by Ms. Cavness to approve the agreement with Hanson Bridgett. Mr. Knudsen seconded the motion and the motion was approved by the following vote: Ayes: Patrick Sullivan, Kathryn Cavness, Lee Parker, Craig Walker, Tim Knudsen, Jeri Harris, and Dan Gjerde. Noes: 0. Abstain: 0. Absent: 0.

7) RETIREMENT ADMINISTRATOR REPORT

- Mendocino County Website
- 625 Kings Court Appraisal
- Strategic Planning Off-Site Meeting
- Administrative and Operations Update

Presenter/s: Chair Gjerde referenced the Retirement Administrator Report. Dr. Wilbanks requested trustee feedback on the new website. The look of the site is greatly improved, but it is very difficult to find the retirement system. Following Board of Supervisor's approval of

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two new memorandums of understanding (MOUs) there is a new pay code that must be considered pensionable. The compensation earnable and compensation pensionable resolutions will be brought back to the board next month for review and adoption. A strategic planning offsite meeting will be held September 13 and 14, 2017.

4) PRESENTATION BY JACK EHNES, CALIFORNIA STATE TEACHERS' RETIREMENT SYSTEM (CALSTRS) CHIEF EXECUTIVE OFFICER, REGARDING ISSUES FACING PUBLIC DEFINED BENEFIT RETIREMENT PLANS (Timed Item at 12:00 p.m.)

Presenter/s: Ms. Harris introduced Mr. Ehnes who addressed the board regarding CALSTRS.

8) GENERAL BOARD MEMBER DISCUSSION

None

9) CLOSED SESSION

- Public Employee Performance Evaluation – Retirement Administrator – Pursuant to Government Code Section 54957

REPORT OUT FROM CLOSED SESSION

The board finalized the annual review of the Retirement Administrator

ADJOURNMENT AND NOTICE OF NEXT BOARD OF RETIREMENT MEETING

- Meeting adjourned at 2:15 p.m.
- The next regularly scheduled Board of Retirement meeting will be held Wednesday July 19, 2017 at 8:30 a.m. in the Mendocino County Employees' Association Conference Room.