♦MENDOCINO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION♦
BOARD OF RETIREMENT MEETING MINUTES
♦JANUARY 18, 2012 AT 8:30 A.M.♦

1) CALL TO ORDER

Bob Mirata, Board Chair, called the meeting to order at 8:30 A.M.

Roll call was conducted with the following members present: Bob Mirata, Shari Schapmire, Supervisor Kendall Smith, Lloyd Weer and Tim Knudsen. Also present: Jim Andersen, Retirement Administrator and Judy Zeller, Clerk to the Board. Members absent: Ted Stephens and Craig Walker. Members absent by previous arrangement: Richard Shoemaker and Randy Goodman.

2) APPROVAL OF THE MINUTES OF BOARD MEETINGS HELD DECEMBER 12 AND DECEMBER 14, 2011

Upon motion by Board member Schapmire, seconded by Board member Weer; IT IS ORDERED that the minutes of the December 12 and December 14, 2012 Board meetings are approved.

Board members Ted Stephens and Craig Walker entered the meeting at 8:35 A.M.

3) PUBLIC COMMENT: None

4) DISCUSSION AND POSSIBLE ACTION REGARDING RETIREMENT ADMINISTRATOR'S REPORT

a) Withdrawal of contributions by terminating employees
b) Billings for fees and services
c) Presentation of Administrator's report

Presenter/s: Judy Zeller reported withdrawals of contributions, new retirees, and retiree deaths. Jim Andersen referenced written reports previously distributed to the Board.

Financial

1) Working closely with Callan, staff continued to rebalance portfolio asset classes/managers to targets and raised $2 million in cash for operations. Also, $10 million in shares of the RREEF Real Estate Securities Commingled Fund was sold to purchase $10 million in the Cornerstone Patriot Private Real Estate Fund. This was the first capital call by Cornerstone since the Board chose this fund to meet its private real estate target. At this time investment in private real estate is above target. Staff will sell RREEF America REIT II (private real estate) shares April 1, 2012 and deposit the proceeds in the RREEF Real Estate Securities Commingled Fund to balance real estate investments to targets.

Board Direction: Staff will start to include cash amounts in all investment worksheets.
2) Staff submitted a survey to all 1937 Act systems requesting the employer contribution and debt service on pension obligation bonds as a percent of payroll. This survey may be useful in that it includes annual pension costs through bonded indebtedness in the comparison.

Board Direction: Staff will ask all 1937 Act systems surveyed to add the employee contribution side to report.

Automation
Staff received a final timeline from Linea Solutions regarding initiation of the EDMS project. Heavy to moderate resources will be required during file planning, document preparation and during staff training. The project plan and budget anticipated hiring an extra help employee for the document preparation phase; however, existing benefits staff will be needed to assist in the file planning and training phases. As this project will overlap with the Correction of Contribution Rates Project, the Board may want to direct staff to push the timeline out.

Board Direction: To extend the start of the EDMS project by 60 days and to begin May 2012.

Board Action: Motion was made by Board member Knudsen to approve the administrator's report. Board member Smith seconded the motion and it was approved unanimously.

5) INVESTMENTS/FINANCIALS

a) Presentation of financial statements
b) Action may be taken to terminate or hire investment managers at any meeting

Presenter/s: Jim Andersen referenced the final November 2011 and the preliminary December 2011 financial statements.

6) DISCUSSION AND POSSIBLE ACTION REGARDING STATE OF CALIFORNIA LOCAL AGENCY INVESTMENT FUND (LAIF) AUTHORIZED SIGNATURES RESOLUTION

Presenter/s: Jim Andersen referenced written reports previously distributed to the board.

Board Action: Motion was made by Board member Smith to approve the LAIF Authorized Signatures Resolution. Board member Stephens seconded the motion and it was approved unanimously.

7) DISCUSSION AND POSSIBLE ACTION REGARDING 2012 BOARD MEETING CALENDAR

Presenter/s: Jim Andersen referenced written reports previously distributed to the board.

Board Direction: To modify the Board meeting calendar by tentatively changing the dates for the November meeting to the 7th and the December meeting to the 12th.

8) DISCUSSION AND POSSIBLE ACTION REGARDING AD HOC COMMITTEES

Presenter/s: Chair Mirata referenced written reports distributed to the board.

Board Action: Motion was made by Board member Stephens to close the following inactive ad hoc committees: Audit of Actuary ad hoc committee, Retiree Health Insurance ad hoc committee, and the Software ad hoc committee. Board member Walker seconded the motion and it was approved unanimously.

9) PRESENTATION AND POSSIBLE ACTION REGARDING THE JUNE 30, 2011 ACTUARIAL VALUATION STUDY (THE SEGAL COMPANY)

Presenter/s: Andy Yeung, The Segal Company, referenced written reports previously distributed to the board.

Board Direction: To include the 30 Year Amortization Schedule in future valuation reports for review, to include the 1% Contingency Reserve use in a future meeting agenda for discussion and possible action, and to have Segal prepare an estimate to provide a 5 year forecast of rates.

Board Action: Motion was made by Board member Schapmire to approve the recommended employer and employee contribution rates included June 30, 2011 Actuarial Valuation report presented by The Segal Company. Board member Walker seconded the motion and it was approved 6 to 1, Board member Stephens dissenting. A second motion was made by Board member Smith to approved the June 30, 2011 Actuarial Valuation Report presented by The Segal Company. Board member Knudsen seconded the motion and it was approved 6 to 1, Board member Stephens dissenting.

10) CLOSED SESSION

a) Pending disability applications:

1) HUDSON, GARY	**(09/07/10) SHERIFF SCD**
2)KOSKINEN, KIM	**(10/15/08) HHSA (SOC SERV) SCD**

b) Potential threat of litigation pursuant to Government Code Section

54956.9(b)(3)(A) – 1 case

11) REPORT OUT FROM CLOSED SESSION

Board Direction: Closed session item b) was regarding our contribution correction project. Direction was given to staff to work with our tax counsel and actuary, to work with plan sponsors to issue member refunds and to minimize any negative impact to their budget, and to meet the Board's fiduciary duty, IRS, and CERL requirements. We will continue to make certain that all steps taken to complete this project are in compliance with our current IRS VCP filing.

12) REPORT FROM EXECUTIVE RECRUITMENT AD HOC COMMITTEE

Presenter/s: Chair Mirata referenced written reports distributed to the board.

Board Action: None

There being no further business Bob Mirata, Chair, adjourned the meeting at 1:08 P.M.