MENDOCINO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION BOARD OF DIRECTORS MINUTES OF THE REGULAR MEETING,
FEBRUARY 16, 2011 AT 8:30 AM,
MENDOCINO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
CONFERENCE ROOM, 625B KINGS COURT, UKIAH, CA 95482

1) CALL TO ORDER

Bob Mirata, Board Chairman, called the meeting to order at 8:30 am.

Roll call was conducted with the following members present: Shari Schapmire, Randy Goodman, Don Coursey, Kendall Smith, Ted Stephens, Dennis Huey, Lloyd Weer, Bob Mirata, Craig Walker and Tim Knudsen. Also present: Jim Andersen, Retirement Administrator, Judy Zeller, Clerk to the Board, Jeff Berk, Legal Counsel, and Graham Schmidt, EFI Actuaries.

2) APPROVAL OF MINUTES

Upon motion by Trustee Schapmire, seconded by Trustee Weer; IT IS ORDERED that the minutes of the January 19 and 20, 2011 Board meetings are approved. The motion carried unanimously.

3) PUBLIC COMMENT: Mr. John Sakowicz addressed the Board.

4) DISCUSSION AND POSSIBLE ACTION REGARDING ADOPTION OF COST OF LIVING ADJUSTMENT EFFECTIVE APRIL 1, 2011

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

Board Action: Motion was made by trustee Coursey, to approve the cost of living adjustment effective April 1, 2011. Trustee Huey seconded the motion and it was approved unanimously.

9:30 am: V. James Sligh, CPA, entered the meeting.

5) DISCUSSION AND POSSIBLE ACTION REGARDING THE INDEPENDENT AUDIT OF MCERA FOR THE YEAR ENDING JUNE 30, 2010

Presenter/s: Jim Andersen and Jim Sligh referenced written reports previously distributed to the Board. (See Audit as of June 30, 2010 at www.co.mendocino.ca.us/retirement.)

10:45 am: V. James Sligh, left the meeting.

Board Action: Motion was made by Trustee Stephens to accept the Audit report by Mr. Sligh for the year ending June 30, 2010 with additional information footnoting the difference in plan assets, plan income and investment rate of return to be included in the Management's Discussion Analysis (pages 4 and 5). Trustee Smith seconded the motion and it was approved unanimously.

6) 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) We will be working closely with County Counsel to more fully review our draft error correction policy prior to placing it on a future meeting agenda. Areas of review will include statute of limitations, collection of interest, and limits on collecting errors by the retirement system, etc..

IRS Reauthorization

1) The signed application for a Determination Letter and Voluntary Correction Program to the IRS was submitted prior to the January 31, 2011 deadline. Due to the completed, related, but additional work performed by Hanson Bridgett, we need to increase the billing/spending limit set forth in our engagement letter with Hanson Bridgett. This item will be added to a future meeting agenda.

Miscellaneous

1) Recruitment of a Retirement Specialist I (trainee) has been started by Human Resources. The position will under-fill the vacancy created by Sue Thornhill's retirement.

Board Action: Motion was made by Trustee Schapmire, to approve the Administrator's report. Trustee Smith seconded the motion and it was approved unanimously.

7) INVESTMENTS/FINANCIALS

Presenter/s: Jim Andersen referenced written reports distributed to the Board, including the November 2010 final financial report, the December 2010 final financial report, and the January 2010 preliminary financial report.

8) INTRODUCTION AND POSSIBLE DIRECTION REGARDING FUTURE EXPENDITURES AND LIMITATIONS ON SPENDING PRIOR TO NOTIFICATION OF THE PLAN SPONSORS, PRIMARILY THE COUTNY (TRUSTEE STEPHENS)

Presenter/s: Trustee Stephens offered comments and requested that this item be placed on the next meeting agenda.

9) PRESENTATION AND POSSIBLE ACTION REGARDING ACTUARIAL AUDIT PERFORMED BY EFI ACTUARIES

Presenter/s: Jim Andersen and Graham Schmidt, EFI Actuaries, referenced written reports previously distributed to the Board. (See EFI Independent Review of Actuarial Valuation & Experience Study at www.co.mendocino.ca.us/retirement.)

Board Action: Motion was made by Trustee Smith, to approve the Actuarial Audit report prepared by EFI Actuaries. Trustee Goodman seconded the motion and it was approved unanimously.

10) DISCUSSION AND POSSIBLE ACTION REGARDING ADOPTION OF ACTUARIAL VALUATION REPORT FOR FISCAL YEAR 2009/2010

Presenter/s: Jim Andersen referenced written reports previously distributed to the Board. (See Actuarial Valuation Report as of June 30, 2010 at www.co.mendocino.ca.us/retirement.)

Board Action: Motion was made by Trustee Stephens, to adopt Buck Consultant's June 30, 2010 Actuarial Valuation report contribution rate of 19.08%. In doing this we understand from the EFI Actuarial Valuation audit of June 30, 2009 that there still may be some areas in our Actuarial Valuation that need to be addressed. To maximize efficiency and minimize costs we plan to have any possible areas of discrepancy addressed in our Actuarial Valuation report for the year ending June 30, 2011. Trustee Smith seconded the motion and it was approved unanimously.

11) CLOSED SESSION (12:45 pm)

a) POTENTIAL INITIATION OF LITIGATION PURSUANT TO GOVERNMENT CODE SECTION 54956.9(C) -1 CASE

b) PENDING DISABILITY APPLICATIONS

1(a) Canale, Mark filed 5/25/10 for Service Connected Disability
2(b) Hammer, Lawrence filed 05/12/08 for Service Connected Disability
3(c) Hudson, Gary filed 9/07/10 for Service Connected Disability
4(d) Koskinen, Kim filed 10/15/08 for Service Connected Disability
5(e) Tenca, Irene filed 1/13/11 for Service Connected Disability
6(f) White, Tammy (Brett) filed 11/09/08 for Service Connected Disability
7(g) Zimmerer, Timothy filed 8/27/09 for Service Connected Disability

12) REPORT OUT FROM CLOSED SESSION (1:45 pm)

Board Action: The Board provided direction to staff on closed session item (a). Mr. Gary Hudson's request for Hearing was approved and Mrs. Irene Tenca's application for Service Connected Disability was approved.

13) MISCELLANEOUS

a) REPORT FROM BOARD MEMBERS ON CALLAN INSTITUTE ATTENDANCE

Presenter/s: Many Board members shared their experience while attending the Callan Institute held January 31, 2011 thru February 2, 2011.

Lunch Recess (1:50 pm)

Reconvene (2:15 pm)

2:15 pm: Greg DeForrest, Greg Ungerman, and Lauren Etcheverry of Callan Associates entered the meeting.

14) DISCUSSION AND POSSIBLE ACTION REGARDING QUARTERLY PERFORMANCE REPORT (CALLAN ASSOCIATES)

Presenter/s: Greg DeForrest and Greg Ungerman referenced written reports previously distributed to the Board. (See Investment Measurement Service Quarterly Review, December 31, 2010 at www.co.mendocino.ca.us/retirement)

Board Action: None

15) DISCUSSION AND POSSIBLE ACTION REGARDING SMALL CAP VALUE INVESTMENT MANAGER SEARCH (CALLAN ASSOCIATES)

Presenter/s: Greg DeForrest, Greg Ungerman, and Lauren Etcheverry referenced written reports previously distributed to the Board. (See Investment Manager Evaluation February 10, 2011 at www.co.mendocino.ca.us/retirement)

Board Action: None

16) INTERVIEWS AND POSSIBLE ACTION REGARDING DOMESTIC EQUITY LARGE CAP INVESTMENT MANAGER (CALLAN ASSOCIATES)

Presenter/s: Greg DeForrest referenced written reports previously distributed to the Board. (See Investment Manager Search, February 16, 2011 at www.co.mendocino.ca.us/retirement)

2:45 pm: Marni Harp, Vice President, and Phil Davidson, CFA, of American Century Investments gave a presentation and was interviewed by the Board members. Ms. Harp and Mr. Davidson left the meeting at 3:20 pm.

3:25 pm: Pat Watral, Product Specialist, and Debbie Woods, Portfolio Manager, of Quantitative Management Associates (QMA) gave a presentation and were interviewed by Board members. Ms. Watral and Ms. Woods left the meeting at 4:00 pm.

4:05 pm: Michael Atwood, Senior Vice President, and David Pyle, Portfolio Manager, of Robeco gave a presentation and were interviewed by the Board members. Mr. Atwood and Mr. Pyle left the meeting at 4:40 pm.

Board Action: Motion was made by Trustee Huey, to select Robeco Boston Partners as our new Domestic Equity Large Cap Investment Manager. Trustee Goodman seconded the motion and it was approved unanimously.

There being no further business Chairman Mirata adjourned the meeting at 4:47 pm.