

**MENDOCINO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
BOARD OF DIRECTORS MINUTES OF THE REGULAR MEETING,
MARCH 18, 2009 AT 8:30 AM,
MENDOCINO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
CONFERENCE ROOM, 625B KINGS CT., UKIAH, CA. 95482**

1. CALL TO ORDER

Chair Pearce called the meeting to order at 8:30 am.

Roll call was conducted with the following members present: Randy Goodman, Lloyd Weer, Bob Mirata, Shari Schapmire, Kendall Smith, Donald Coursey, Dennis Huey, Chair Tim Pearce presiding.

Also present: Jim Andersen, Administrator; Tim Knudsen, Alternate Retirement Member; Jeanine Nadel, County Counsel; Sue Thornhill, Clerk to the Board.

2. APPROVAL OF MINUTES

Upon motion by Trustee Huey, seconded by Trustee Coursey, and carried unanimously; IT IS ORDERED that the minutes of the February 18, 2009, Board meeting are approved.

3. RETIREMENT ADMINISTRATOR'S REPORT

Presenter/s: Jim Andersen referenced written information previously distributed to the Board regarding the progress being made on certain projects currently being addressed by staff.

- a. Mr. Andersen recognized the presence of Ukiah Valley Public Television and Ukiah Valley Television and KZYX in an effort to educate and engage the public of the duties and responsibilities of the Board of Retirement.
- b. Mr. Andersen advised the Board he and Trustee Knudsen believe they have completed the survey of the other Retirement Systems within the State of California and will present the information under item 4c.
- c. Mr. Andersen informed the Board he had met with the members of AMCRE and discussed the annual cost of living raises and the importance of their receiving accurate information regarding the investment performance of the pension system.
- d. Mr. Andersen referenced the letter of resignation presented by Trustee Eloise Grothe and recommended that Ms. Grothe be presented with a proclamation for her years of service. It was further recommended by the

Board that Ms. Grothe be recognized at the joint meeting of the Board of Supervisors and the Board of Retirement to be held April 28, 2009.

Presenter/s: Jim Andersen and Sue Thornhill referenced written information previously distributed to the Board regarding withdrawals of contributions and billings for services and fees.

Mr. Andersen informed the board the fees for Bank of New York Mellon, the custodial bank for the Mendocino County Employees Retirement Association; will increase to a minimum of \$50,000 per year. He further noted that the new fee schedule will be considered when evaluating whether or not to invest in Dodge & Cox bond fund, as opposed to the cost of purchasing, managing, and selling individual stocks. Staff will be conducting an analysis of the alternatives and bringing forth a recommendation.

Board Action: Motion was made by Trustee Mirata, seconded by Trustee Coursey to approve the Retirement Administrator's Report as presented. Motion carried unanimously.

4. INVESTMENTS/FINANCIALS

Presenter/s: Jim Andersen referenced written reports previously distributed to the Board including the preliminary financial statement for the period ending February 28, 2009.

Presenter/s: Jim Andersen referenced a written report previously distributed to the Board containing a copy of the memorandum he and Tim Knudsen completed recently detailing the results of the pension system survey in response to a claim made by Mr. John Dickerson that "the County Pension Fund's return on investment was the worst of any county system in the State".

Mr. Andersen discussed at length the information gathered for the Pension System Survey report he and Mr. Knudsen gathered from 19 of the SACRS counties and CalPERS. The report compared all of the other reporting Retirement Systems and Mendocino County Employees' Retirement Association for 1, 3 and 5 year period for total return as compared to each system, as well as performance against the respective, policy bench marks.

Mr. Andersen pointed out for the 1 year period Mendocino ranked 5th in the State, for the 3 year period 4th and the 5 year period 4th of the 20 system surveyed although Mr. Dickerson continues to maintain Mendocino County is the worst performing Pension Fund in the State.

Presenter/s: Jim Andersen referenced the annual audit report recently completed by Jim Sligh.

Board Action: After a short discussion a motion to accept the report was made by Trustee Weer, seconded by Trustee Huey to accept the report as filed. All votes favorable, motion carried unanimously.

Presenter/s: Peter Chan was brought into the meeting via conference call at 9:30 am. Mr. Chan reviewed the Performance Measurement report for the period ending 12/31/08.

Mr. Chan reported that during the time period in question Dodge & Cox had underperformed the index by 1.45% which contributed largely to the total underperformance of the entire portfolio.

Mr. Chan further informed the Board diversifying into the PIMCO fund will help balance Dodge & Cox in the future. Mr. Andersen advised the Board currently \$21,000,000 has been invested with PIMCO and they will soon be equal to Dodge & Cox in an effort to balance the bond investments.

Mr. Chan expressed his concerns regarding some of the funds we are currently holding and feels he will want to recommend some changes after the market begins to recover. He said he would not want to make changes now because any sales or trades could cause some losses that could take some time to recoup.

Trustee Smith asked that it be placed in the record that the Board is taking a very conservative path.

After some discussion Mr. Chan was thanked by Chair Pearce and the conference call was ended at 10:10 am.

Public Expression:

Chair Pearce recognized John Sakowicz who asked several questions regarding the Board's thoughts on investment strategies going in to the future.

Mr. Andersen reminded Mr. Sakowicz he had not yet received the information he said he would provide regarding his investment philosophy. Mr. Sakowicz said he would send copies soon.

5. HEALTH INSURANCE

Presenter/s: Sue Thornhill presented the "Insurance Reserve Balance Report" which was distributed to the Board and the public at the beginning of the meeting.

6. MISCELLANEOUS

- a. Upon motion by Trustee Huey, seconded by Trustee Weer, and carried unanimously; IT IS ORDERED that the recommendation of the actuary is accepted and the annual retiree cost of living raises are approved.

- b. Trustee Smith requested that staff survey other 1937 ACT counties and review their process regarding hiring an outside attorney for any issues that may prove to be a conflict for County Counsel.

Mr. Andersen along with staff will review and bring their findings back to the Board.

7. 9:35 ENTERED INTO CLOSED SESSION

- a. Discussion and possible action on disability applications

9:55 OUT OF CLOSED SESSION

BOARD ACTION FROM CLOSED SESSION

- a. BAKER, JILL, filed 1/27/2008 for Service Connected Disability
No action taken
- b. ELDER, COLONIE, filed 1/14/09 for Service Connected Disability
No action taken
- c. HAMMER, LAWRENCE, filed 05/12/2008 for Service Connected Disability.
No action taken
- d. HAMMER, MYRL, filed 06/26/08 for Non-Service Connected Disability
Tabled for further information
- e. KOSKINEN, KIM, filed 10/15/2008 for Service Connected Disability
3/18/2009 **SET FOR HEARING**
Per the following: Ayes: 8 Noes: 0 Abstain: 0 Absent: 0
- f. LEHMAN, FLORENCE, filed 10/30/2007 for Service Connected Disability
No action taken
- g. MASON, MICHAEL, filed 10/30/2008 for Service Connected Disability
No action taken
- h. MEYER, SHARON, filed a5/12/2008 for Services Connected Disability
No action taken
- i. OGLESBY, JERALD, filed 2/04/2008 for Non-Service Connected Disability
No action taken
- j. ROBINOW, PAMELA, filed 4/28/2008 for Service Connected Disability
No action taken
- k. WHITE, TAMMY (Brett), filed 11/09/2008 for Service Connected Disability
**3/18/09 STAFF DIRECTED TO SEND LETTER TO APPLICANT
REQUESTED FULL COOPERATION WITH OUR DUE
DILIGENCE PROCESS AND REVIEW OF THE APPLICATION**
Per the following: Ayes: 8 Noes: 0 Abstain: 0 Absent: 0

9:55 REPORT OUT FROM CLOSED SESSION

Jim Andersen reported the application for Kim Koskinen was sent to Attorney Anthony Graham to be set for hearing by a unanimous vote of the Board.

Mr. Andersen also reported he was directed, by a unanimous vote of the Board, to write a letter to Tammie White requesting her full cooperation with Boards efforts to gather information.

There being no further business Chairman Pearce adjourned the meeting at 11:30 AM.

Tim Pearce, Chair

Susan Thornhill, Retirement Coordinator