

◆MENDOCINO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION◆  
BOARD OF RETIREMENT MEETING MINUTES  
◆MARCH 19, 2014 AT 8:30 A.M.◆

**CALL TO ORDER**

Shari Schapmire, Board Chair, called the meeting to order at 8:32 a.m.

**ROLL CALL**

Roll call was conducted with the following members present: Randy Goodman, John Sakowicz, Supervisor John McCowen, Ted Stephens, Tim Knudsen, Richard Shoemaker and Shari Schapmire. Also present: Tom Watson, Interim Retirement Administrator, Jeff Berk, Legal Counsel, and Judy Zeller, Administrative Assistant. Absent: Lloyd Weer, Craig Walker, and Bob Mirata.

**PUBLIC COMMENT:** None

**1) APPROVAL OF CONSENT AGENDA**

**Presenter/s:** Chair Schapmire referenced the Consent Agenda previously distributed to the Board which included 1-A Minutes of the Board Meeting held February 19, 2014, 1-B Membership, 1-C Retirements Processed, and 1-D Retirement Administrator's report.

**Board Action:** Motion was made by Mr. Goodman to approve the Consent Agenda. Supervisor McCowen seconded the motion and it was approved the following vote:

| <u>Ayes</u>   | <u>Noes</u> | <u>Abstain</u> | <u>Absent</u> |
|---------------|-------------|----------------|---------------|
| Mr. Sakowicz  |             |                | Mr. Mirata    |
| Mr. Weer      |             |                | Mr. Walker    |
| Mr. Knudsen   |             |                | Mr. Goodman   |
| Ms. Schapmire |             |                |               |
| Sup. McCowen  |             |                |               |
| Mr. Stephens  |             |                |               |

Mr. Stephens asked for an update regarding the Voluntary Correction Program (VCP) webinar prepared by Hanson Bridgett. Mr. Watson reported that he participated in the webinar on March 11, 2014. Hanson Bridgett will be discussing the Determination letter and Compliance Statement with the Board at either their April or May Board meeting and will address the next steps required of MCERA and their other 1937 Act clients.

Mr. Walker entered the meeting at 8:34 a.m.

**2) DISCUSSION AND POSSIBLE ACTION REGARDING ANY CONSENT AGENDA ITEM NEEDING SEPARATE ACTION**

None

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**3) REPORT FROM THE AUDIT AND BUDGET COMMITTEE (RANDY GOODMAN, COMMITTEE MEMBER)**

**Presenter/s:** Mr. Goodman reported on the last Audit and Budget Committee meeting held March 11, 2013. He briefly explained the changes made to the Comprehensive Annual Financial Report (CAFR) and Financial Statements, stating that they were not numerical, just some language changes based on comments made by the Government Finance Officers Association (GFOA). There were some additional Government Accounting Standards Board (GASB) requirements that changed some of the format and titles. The Audit and Budget Committee approved all of the changes so that the reports could be finalized immediately. Both the CAFR and the Financial Statements had been previously approved by the full Board at their February meeting.

**4) DISCUSSION REGARDING THE FINANCIAL STATEMENTS AND ANNUAL INDEPENDENT AUDIT REPORT FOR YEAR ENDED JUNE 30, 2013**

**Presenter/s:** Mr. Watson referenced the Final Audit Report for year ended June 30, 2013 previously distributed to the Board. He explained that the Audit and Budget Committee worked with Scott German & Gallina LLP on making a few changes to the report. Mr. German delivered the Final Financial Statements to the State Controller's office on Wednesday March 12, 2014, which beat our deadline of March 18, 2014. The Financial Statements are now final and they were incorporated in the CAFR which is also final. Mr. German and Ms. Zeller worked together on their completion.

Mr. Stephens asked about the management response letters from Gallina LLP and asked for review to make sure that the issues are taken care of. This would protect us from deficiency and ensure that proper procedures are put in place.

**Board Direction:** Staff will review the Audit findings letters and will prepare a discussion for our next Board meeting.

**5) DISCUSSION REGARDING THE COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) FOR YEAR ENDED JUNE 30, 2013**

**Presenter/s:** Mr. Watson referenced the CAFR for year ended June 30, 2013. Mr. Sakowicz mentioned a Blue Ribbon Committee of Actuaries which is studying actuarial issues. This information was in the New York Times and Pensions and Investments. Mr. Sakowicz volunteered to provide a summary for the Board. He requested the item be agenzized for discussion at our next Board meeting. Supervisor McCowen mentioned that the executive summary of that study should be provided for the discussion.

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**Board Direction:** John Sakowicz will provide a report on the Blue Ribbon Committee of Actuaries at our next Board meeting.

**6) MONTHLY INVESTMENT REPORT**

**Presenter/s:** Mr. Watson referenced information previously distributed to the Board regarding the Monthly Investment Report. He commented that this Investment report contains very detailed information.

Mr. Shoemaker mentioned that he had some difficulty reading the investment report due to the use of bright colors and requested that light color or black and white be used when printing report.

**Board Direction:** Staff will remove dark colors from the Investment report. Yellow or black and white may be used.

**7) MONTHLY FINANCIAL REPORT**

- **Statement of Plan Net Assets**
- **Statement of Changes in Plan Net Assets**
- **Cash Flow Analysis**
- **Rental Income Net of Expenses**
- **Vendor Ledger**

**Presenter/s:** Mr. Watson referenced information previously distributed to the Board regarding the preliminary financial report for January 2014. He explained the various statements included in his report.

Mr. Stephens brought up an issue regarding the Cash Disbursements Journal. He was concerned that some information included in the report may be confidential and should not be made public. Mr. Berk will review the issue, but it was agreed that this information should not be released unless requested by a Public Records Act request.

**8) DISCUSSION AND POSSIBLE ACTION REGARDING THE DODGE AND COX PROXY STATEMENT DATED MARCH 5, 2014**

**Presenter/s:** Mr. Watson referenced information previously distributed to the Board regarding the Dodge and Cox Proxy Statement for their Mutual Funds for a special meeting on April 23, 2014. There are six proposals in this Statement. The first is the election of Trustees to the Board of Trustees; the other proposals are for changing investment restrictions currently in place for the Dodge and Cox mutual funds. The Mutual Fund's policy governs investments for 37 Act Retirement Systems. With this statement Dodge and Cox would like to update their policy to remove some restrictions and change some items that seem dated. Greg DeForrest of Callan Associates has reviewed this proxy statement and he is comfortable with the proposed

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changes. Mr. Stephens stated that Mr. Watson made a good recommendation and stated that we would be consistent to vote this way based on our charter.

**Board Action:** Mr. Stephens motioned to approve the Interim Retirement Administrator's recommendation for each of the six Dodge and Cox proposals and to vote accordingly using the Proxy Statement provided. Supervisor McCowen seconded the motion and it was approved the following vote:

| <u>Ayes</u>   | <u>Noes</u> | <u>Abstain</u> | <u>Absent</u> |
|---------------|-------------|----------------|---------------|
| Mr. Sakowicz  |             |                | Mr. Mirata    |
| Mr. Weer      |             |                | Mr. Walker    |
| Mr. Knudsen   |             |                | Mr. Goodman   |
| Ms. Schapmire |             |                |               |
| Sup. McCowen  |             |                |               |
| Mr. Stephens  |             |                |               |

**9) CLOSED SESSION**

- Farris Purviance Non-Service Connected Disability Application
- Appointment of Retirement Administrator pursuant to Government Code Section 54957(b)(1)

**REPORT OUT FROM CLOSED SESSION**

Motion was made by Supervisor McCowen to approve Farris Purviance for Non-Service Connected Disability Retirement. Mr. Goodman seconded the motion and it was approved by the following vote:

| <u>Ayes</u>   | <u>Noes</u> | <u>Abstain</u> | <u>Absent</u> |
|---------------|-------------|----------------|---------------|
| Mr. Sakowicz  |             |                | Mr. Mirata    |
| Mr. Weer      |             |                | Mr. Walker    |
| Mr. Knudsen   |             |                | Mr. Goodman   |
| Ms. Schapmire |             |                |               |
| Sup. McCowen  |             |                |               |
| Mr. Stephens  |             |                |               |

**10) GENERAL BOARD MEMBER DISCUSSION**

Mr. Knudsen mentioned that he would not be attending the Friday SACRS Business Meeting. Mr. Sakowicz will attend and will represent MCERA.

Mr. Walker congratulated Chair Schapmire on being unopposed for the next County election for Treasurer/Tax Collector. He also acknowledged the same for Mr. Weer and election for Auditor Controller.

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Supervisor McCowen noted that the letter from Chair Schapmire and the prior work by Mr. White resulted in unanimous approval of the Financial Investment Officer position at the last Board of Supervisors meeting.

**ADJOURNMENT (10:25 a.m.)**