

**BOB MIRATA**  
CHAIRMAN  
B.O.S. APPOINTEE

**SHARI SCHAPMIRE**  
VICE-CHAIRMAN  
TREASURER TAX COLLECTOR

**TIM KNUDSEN**  
SECRETARY  
ELECTED RETIRED MEMBER

**SUPERVISOR KENDALL SMITH**  
B.O.S. APPOINTEE

**JOHN SAKOWICZ**  
B.O.S. APPOINTEE

**TED STEPHENS**  
B.O.S. APPOINTEE

**LLOYD WEER**  
ELECTED  
GENERAL MEMBER

**RANDY GOODMAN**  
ELECTED GENERAL  
MEMBER

**CRAIG WALKER**  
ELECTED SAFETY  
MEMBER

**RICHARD SHOEMAKER**  
ELECTED RETIRED  
ALTERNATE MEMBER



**JIM ANDERSEN**  
RETIREMENT  
ADMINISTRATOR

**JEFF BERK**  
LEGAL COUNSEL

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# **MENDOCINO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION BOARD MEETING AGENDA APRIL 18, 2012 – 8:30 A.M.**

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**1) ROLL CALL (8:30 A.M.)**

**2) PUBLIC COMMENT (Estimated Time 5 min.)**

Members of the public are welcome to address the board on subjects within the jurisdiction of the Board of Retirement regarding items both on and off the agenda. The board is prohibited by law from taking action on matters not on the agenda, but may ask questions to clarify the speaker's comment and/or briefly answer questions. The board limits testimony on matters not on the agenda to 5 minutes per person and not more than 10 minutes for a particular subject at the discretion of the Chair of the Board. To best facilitate public expression please complete the speaker form available at the entrance to the boardroom and present to the Clerk to the Board. If you wish to submit written comments please provide 13 copies to the Clerk to the Board prior to the start of the meeting. Public speakers are reminded to announce their names before they address the board.

**3) APPROVAL OF THE MINUTES OF THE BOARD MEETINGS HELD MARCH 21, 2012 AND APRIL 4, 2012 (Estimated Time 5 min.)**

**4) DISCUSSION AND POSSIBLE ACTION REGARDING RETIREMENT ADMINISTRATOR'S REPORT (Estimated Time 30 min.)**

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

**◆RETIREMENT BOARD MEETING AGENDA◆**

**◆APRIL 18, 2012 - 8:30 A.M.◆**

**5) INVESTMENTS/FINANCIALS (Estimated Time 5 min.)**

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

**6) DISCUSSION AND POSSIBLE ACTION REGARDING SUBMISSION OF THE JUNE 30, 2011 AND 2010 CAFR TO THE GOVERNMENT FINANCE OFFICER'S ASSOCIATION (GFOA) (Estimated Time 10 min.)**

**BREAK (Estimated Time 10 min)**

**7) CLOSED SESSION (9:35 A.M.) (Estimated Time 1.5 hours)**

- a) Public Employee Appointment. Interviews for the position of Retirement Administrator pursuant to Government Code Section 54957.
- b) Overpayment Policy. Potential litigation pursuant to Government Code Section 54956.9(c) - 1 case.
- c) Pending disability applications:
  - 1) Hudson, Gary (09/07/10) Sheriff SCD
  - 2) Koskinen, Kim (10/15/08) HHSA (Soc Services) SCD
  - 3) Reyes, Maria (3/31/12) Child Support Services NSCD

**8) REPORT OUT FROM CLOSED SESSION (Estimated Time 5 min.)**

**9) DISCUSSION AND POSSIBLE ACTION REGARDING A POLICY FOR BOARD MEMBER REQUESTS TO PLACE ITEMS ON THE AGENDA (Board Member Supervisor Smith) (Estimated Time 30 min.)**

**10) DISCUSSION AND POSSIBLE ACTION REGARDING THE SACRS MAY 11, 2012 BUSINESS MEETING ELECTIONS (Estimated Time 5 min.)**

**11) REPORT FROM BOARD MEMBERS ATTENDING THE PRINCIPLES OF PENSION MANAGEMENT TRUSTEE TRAINING AT STANFORD MARCH 27-30, 2012 (Estimated Time 5 min.)**

**ADJORNMENT (Approximate Time 11:50 A.M.)**

(Pursuant to Government Code Section 54954, this agenda was posted 72 hours prior to the meeting.)

**◆RETIREMENT ASSOCIATION CONFERENCE ROOM: 625-B KINGS COURT, UKIAH, CA 95482◆  
◆PHONE 707-463-4328 FAX 707-467-6472◆ WWW.CO.MENDOCINO.CA.US/RETIREMENT◆**

James M. Andersen  
Retirement Administrator



Telephone: (707) 463-4328  
(707) 467-6473  
Fax: (707) 467-6472

**MENDOCINO COUNTY**  
EMPLOYEES' RETIREMENT ASSOCIATION  
625-B KINGS COURT  
UKIAH, CALIFORNIA 95482-5027

Date: April 9, 2012  
To: Board of Retirement  
From: Jim Andersen, Interim Retirement Administrator  
Subject: Discussion and Possible Action Regarding the Interim Administrator's Report

Financial

1. Staff has completed a Comprehensive Annual Financial Report (CAFR) for fiscal years ending June 30, 2011 and 2010. We have been working closely with GALLINA and the Government Finance Officers' Association (GFOA). The CAFR is being presented as a separate item, with a request to submit the document to the GFOA by the April 20<sup>th</sup> deadline for GFOA review and the possible award of excellence in financial reporting.
2. The June 30, 2011 valuation study and recommended rates will be presented to the Board of Supervisors on April 23<sup>rd</sup> for adoption. I will be present at the meeting, as will Andy Yeung from Segal. As directed by the Board, we will specifically address the concerns (numbers 1 and 3) communicated by Board Member Stephens.
3. I have asked Randy Goodman to prepare a draft 2012/13 budget for my review. Per the Board's recent policy, we will also prepare a cash management plan. The budget and cash management plan will be presented to the Budget and Audit ad hoc committee prior to your May meeting, at which time the budget and cash management plan will be presented to the full Board for action. I will be preparing a narrative for the County's 2012/13 Proposed Budget prior to their deadline of April 18<sup>th</sup>.
4. Unless otherwise directed by the Board, I will be preparing a staff report on the possible reorganization of MCERA to include a full time fiscal officer with a title and salary commensurate with the duties of an independent agency, including the unique responsibilities such as independent financial statements, external audit, CAFR, State Controller's Office reporting, etc. I will endeavor to complete the report for your May meeting as it may impact the budget for 2012/13. In addition, during my recent absence, I believe the Board will see the value in creating a fiscal officer position that includes the clear duty to act in the place of the Retirement Administrator as needed and directed.
5. As requested by the Board, staff has prepared a recap of expenses charged against the proceeds from the settlement with Buck Consultants (attached). The report also includes reimbursement for prior year costs included in the settlement agreement.

6. MCERA has received the spring report from RVKuhns & Associates comparing a large universe of retirement systems, endowments, etc. The Public Funds Universe analysis can be viewed online at [www.co.mendocino.ca.us/retirement/reports.htm](http://www.co.mendocino.ca.us/retirement/reports.htm). For the first time since I became your administrator, MCERA does not compare favorably in total portfolio returns for the one year period ending December 31, 2011, and is average in its comparison for the five year period. Callan Associates communicated to the Board in February that our performance was below the benchmark for the one year period, dragging down the five year period as a result. MCERA had a one year return of (2.53%) against a bench mark of 0.60%. The primary driver of our performance to benchmark was the manager effect (2.70%), with large cap domestic equity funds, Janus Overseas international equity fund, and both Dodge & Cox and PIMCO fixed income funds contributing to the manager effect on the total portfolio. Callan Associates will be present to report on the portfolio's performance at your May meeting.

#### Legislation, Automation and Retiree Health Care

A representative from Linea Solutions will be on site beginning May 15, 2012 to begin the Electronic Data Management System (EDMS) phase of MCERA's information technology strategic plan. As the Board will recall, the first task is design of the system, and will require a significant commitment of staff time; primarily answering questions posed by the Linea representative. The first phase also includes purchase of hardware that will accommodate multi-screen workstations and simultaneous use of the EDMS system and other applications.

#### Correction of Contribution Rates Project

There have been no changes in the Correction of Contribution Rates Project since my March report. I am scheduling a conference call with Judith Boyette of Hanson Bridgett and attorneys for the County and the AOC in an effort to move this project forward.

#### Miscellaneous/Transition

1. I have been working primarily from home in my capacity as Interim Retirement Administrator. Beginning the week of April 16, 2012, I will be at the MCERA office for half a day, four days a week. My hours will ultimately be determined by the workload demand and hours available under the contract.

JA  
Attachments

<b>BUCK SETTLEMENT - RESERVE DETAIL</b>	<b>BUCK SETTLEMENT COSTS APPLIED TO RESERVE</b>	<b>BUCK SETTLEMENT RESERVE DETAIL</b>	<b>REMAINING BALANCE</b>
<b>SETTLEMENT - UAAL AMORTIZATION SCHEDULE ERROR:</b>			
LOST EARNINGS	71,200.00	71,200.00	-
BUCK FEES	118,500.00	118,500.00	-
EFI AUDIT	51,800.00	51,800.00	-
LEGAL FEES	-	11,000.00	11,000.00
FORENSIC EXPERS	-	51,000.00	51,000.00
<b>SETTLEMENT - EMPLOYEE OVERPAYMENTS:</b>			
TAX COUNSEL	-	70,000.00	70,000.00
IRS COSTS	-	18,500.00	18,500.00
ACTUARY - SEGAL	27,309.00	50,000.00	22,691.00
SOFTWARE - PETER STALDER	13,200.00	15,000.00	1,800.00
INTEREST MEMBERS	-	55,000.00	55,000.00
STAFF TIME	-	15,000.00	15,000.00
IN-HOUSE COUNSEL	-	10,000.00	10,000.00
20% CONTINGENCY		50,000.00	
EFI FEES ABOVE BUDGET	2,034.80		47,965.20
<b>TOTALS</b>	<b>284,043.80</b>	<b>587,000.00</b>	<b>302,956.20</b>

James M. Andersen  
Retirement Administrator



Telephone: (707) 463-4328  
(707) 467-6473  
Fax: (707) 467-6472

**MENDOCINO COUNTY**  
EMPLOYEES' RETIREMENT ASSOCIATION  
625-B KINGS COURT  
UKIAH, CALIFORNIA 95482-5027

Date: April 12, 2012  
To: Board of Retirement  
From: Jim Andersen, Interim Retirement Administrator  
Subject: Agenda Work Products that will be Provided at your April Meeting

Staff will provide the Board with the following two work products at your April meeting.

- CAFR for years ending June 30, 2011 and 2010
- Preliminary Financial Reports

I apologize that these work products are not in your agenda packages, but were necessarily delayed. The CAFR related work products from our actuarial advisors were being amended just prior to compilation of agenda packages, resulting in a delay in producing the CAFR. In addition, my leave of absence resulted in my inability to review the final CAFR until after the agenda packages were compiled. All sections of the CAFR except the actuarial section were provided to Board member Stephens of the Audit and Budget ad hoc committee for his review.

Focus on completion of the CAFR resulted in a delay in completing preliminary financial reports for March.

Again, I apologize for the delay in the work products. This is a unique meeting in that the agenda products were prepared during my leave of absence thereby creating agenda preparation challenges.

JA

# MENDOCINO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

## BOARD MEMBER REQUESTS TO PLACE ITEMS ON THE AGENDA

### I. PURPOSE

The individuals seated on the Board of Retirement (Board) are independently elected by their members, appointed by the Board of Supervisors or established in the Government Code pursuant to Sections 31520 et seq., and collectively act as the governing board and fiduciaries of the Mendocino County Employees' Retirement Association (MCERA). In such a capacity, individual Board members may from time to time request that an item(s) be placed on the Board's agenda for information or action. The purpose of this policy is to establish how such requests will be addressed to ensure the efficient management of Board meetings and compliance with the Ralph M. Brown Act.

### II. OBJECTIVES

- A. Recognize and respect the right of each Board member to request an item(s) be placed on the agenda for discussion or action.
- B. Ensure a reasonable process for evaluating Board member requests to place items on the agenda that is consistent with efficient and effective meeting management.
- C. Ensure staff and fiscal resources are expended only for items that have received Board support in the annual budget or through prior policy direction, and that advisor resources are expended only for items contained in the scope of services and financial limits of contracts approved by the Board.
- D. Ensure compliance with the Ralph M. Brown Act.

### III. POLICY GUIDELINES

Members of the Board requesting to place an item(s) on the agenda must do so by contacting the Clerk to the Board in writing no later than noon of the seventh (7th) work day prior to any regularly scheduled or special meeting of the Board and specify the nature of the item to be placed on the agenda.

- A. The Retirement Administrator, after conferring with the chair, may accept items requested by a Board member(s) for the agenda if he or she can do so without violating the requirements of the Ralph M. Brown Act.
- B. Notwithstanding Section III (B), the Retirement Administrator, after conferring with the chair, shall consider all items anticipated for the agenda, the urgency of each item, and the ability of the Board to complete its agenda in a well-informed manner.

- C. If the Retirement Administrator, after conferring with chair, does not accept a Board member's request to place an item(s) on the agenda for discussion or action, the Retirement Administrator will place the item(s) on the agenda for the purpose of the full Board determining if and when said item(s) will be placed on a future Board agenda.

#### **IV. POLICY REVIEW**

- A. The Board shall review this policy every three (3) years to ensure that it remains relevant and appropriate.

#### **V. Policy History**

The Board adopted this policy on 04/18/2012.