

◆MENDOCINO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION◆
BOARD OF RETIREMENT MEETING MINUTES
◆JULY 20, 2011 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, Dennis Huey, Lloyd Weer, Randy Goodman, Ted Stephens, Kendall Smith, Craig Walker and Tim Knudsen. Also present: Jim Andersen, Retirement Administrator and Judy Zeller, Clerk to the Board. Members absent: Dr. Don Coursey.

2) APPROVAL OF MINUTES

Upon motion by Board member Goodman, seconded by Board member Weer; IT IS ORDERED that the minutes of the June 15, 2011 Board meeting are approved.

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.) The Cornerstone Patriot Fund application has been submitted and accepted.

Outreach

- 1.) James Andersen attended the County CEO "36 hour" workgroup meeting to discuss possible impacts on retirement.

Retiree Healthcare

- 1.) The County CEO and Human Resources have been notified that the remaining balance in the Retiree Health Insurance account (5000) will not be utilized to offset retiree health care costs until further discussion and direction by the Board of Retirement.

Miscellaneous

- 1.) With the authorization of the CEO and HR we have begun preparing for a minor reorganization for MCERA. This would provide for a lead in the benefits area for the purpose of training, work allocation, establishing a lead Retirement Specialist to assume the most complex workload and designation of a staff person to become the organizational expert in benefits under the 37 Act.

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Legislation

- 1.) We are watching current legislation on comprehensive pension reform, AB340, very closely. GASB 25 and GASB 27 will also be monitored, reporting any proposed changes to the Board. We will look to our actuary, The Segal Company, and our independent financial auditor, Gallina LLP, to offer their help and opinion.
- 2.) A joint Board of Supervisors and Board of Retirement Educational meeting is tentatively planned for November 8, 2011.

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

5) INVESTMENTS/FINANCIALS

Presenter/s: Jim Andersen referenced the Final May 2011 financial statement and the preliminary recaps of our portfolio of investments for June 30, 2011 previously distributed to the Board. A preliminary pre-accrual financial statement for June 30, 2011 was distributed during the meeting. The current pre-accrual market value of assets is \$354 million.

6) DISCUSSION AND POSSIBLE ACTION REGARDING STATEMENT OF AUTHORIZED SIGNATURE

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

Board Direction: The Board directed staff to update the signature authority quarterly.

Board Action: Motion was made by Board member Stephens to approve the statement of authorized signature. Board member Walker seconded the motion and it was approved unanimously.

9:05 A.M.) Entered into Closed Session

7) CLOSED SESSION (Timed Item at 9:15 a.m.)

a) Pending disability applications:

- 1) HUDSON, GARY (09/07/10) SHERIFF SCD
- 2) KOSKINEN, KIM (10/15/08) HHSA (SOC SERV) SCD
- 3) NOONAN, KRISTIN (05/05/11) HHSA (SOC SERV) NSCD
- 4) ZIMMERER, TIMOTHY (08/27/09) SHERIFF SCD

b) Potential initiation of litigation (Buck Consultants) pursuant to Government Code Section 54956.9(c) - one (1) case

c) Significant exposure to litigation pursuant to Government Code Section 54956.9(b)(3)(A)- eleven (11) cases

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- d) Significant exposure to litigation pursuant to Government Code Section 54956.9(b)(3)(A)- one (1) case

12:09 P.M.) Out of Closed Session

8) REPORT OUT FROM CLOSED SESSION

Direction to Staff: The Board provided direction to staff and legal counsel on closed session items 7b, 7c and 7d.

Board Action: Motion was made by Board member Stephens to deny the Timothy Zimmerer disability application, closed session item 7a4. Board member Walker seconded the motion and it was approved unanimously.

9) BREAK

10) DISCUSSION AND POSSIBLE ACTION REGARDING RETIREE HEALTH BENEFITS AND COMPLIANCE WITH THE GOVERNMENT CODE (1937 Act), INTERNAL REVENUE CODE, AND/OR FIDUCIARY STANDARDS

Presenter/s: Jim Andersen made the following public statement:

Historical Retiree Health Benefits provided to MCERA members is one of the items being reviewed as part of our application to the IRS for Reauthorization and the Voluntary Correction Program. The IRS is also reviewing retiree health benefits for all 1937 Act systems. At this point, until further progress is made on the Voluntary Correction Program, the most prudent thing to do would be to retain the \$658,653.66 held in the 5000 account for retiree health insurance, which is an IRC 401(h) account, until we make further progress during this Voluntary Correction Program.

11) DISCUSSION AND POSSIBLE ACTION REGARDING THE COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

Presenter/s: Jim Andersen referenced written reports previously distributed to the Board and the Comprehensive Annual Financial Report (CAFR) for the years ended June 30, 2010 and 2009.

Board Action: None

There being no further business Shari Schapmire, Vice-Chair, adjourned the meeting at 12:40 P.M.