

**MENDOCINO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION BOARD  
OF DIRECTORS MINUTES OF THE REGULAR MEETING,  
SEPTEMBER 15, 2010 AT 8:30 AM,  
MENDOCINO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
CONFERENCE ROOM, 625B KINGS CT., UKIAH, CA 95482**

**1. CALL TO ORDER**

Chair Tim Pearce called the meeting to order at 8:33 am.

Roll call was conducted with the following members present: Caren Callahan, Bob Mirata, Shari Schapmire, Don Coursey, Tim Pearce and Tim Knudsen. Members absent: Lloyd Weer, Randy Goodman, Kendall Smith, and Dennis Huey. Also present: Jim Andersen, Retirement Administrator, Judy Zeller, retirement staff, Graham Schmidt, EFI Actuaries, Greg DeForrest, Callan Associates, and members of the public.

Kendall Smith entered the meeting at 8:40 am.

**2. APPROVAL OF MINUTES**

**Upon motion by Trustee Coursey, seconded by Trustee Mirata, and carried unanimously; IT IS ORDERED that the minutes of the August 18, 2010, Board meeting are approved.**

**3. DISCUSSION AND POSSIBLE ACTION TO CONTRACT WITH EFI ACTUARIES TO CONDUCT AN ACTUARIAL AUDIT OF BUCK CONSULTANTS**

**Presenter/s:** Graham Schmidt of EFI Actuaries referenced written material previously distributed to the Board.

Graham Schmidt answered the Board's questions about the audit process. Mr. Andersen and Ms. Callahan offered comments on the RFP and the selection process.

**Board Action: Motion was made by Trustee Callahan to contract with EFI Actuaries to conduct an Actuarial Audit of Buck Consultants and to continue the Actuarial Audit Ad Hoc Committee, seconded by Trustee Smith and carried unanimously.**

**4. DISCUSSION AND POSSIBLE ACTION REGARDING ASSET ALLOCATION STRATEGY WITH CALLAN ASSOCIATES (CONTINUED FROM AUGUST MEETING)**

**Presenter/s:** Greg DeForrest of Callan Associates referenced written material previously distributed to the Board. (Refer to International Equity and Fixed Income Asset Class Structure Reviews at [www.co.mendocino.ca.us/retirement](http://www.co.mendocino.ca.us/retirement).)

Greg DeForrest presented and explained the Fixed Income and International Equity Asset Class Structure Reviews provided by Callan Associates. Five fixed income structure alternatives and five international equity structure alternatives were discussed.

**Board Action: Motion was made by Trustee Schapmire to accept the Fixed Income Asset Allocation Alternative B, seconded by Trustee Mirata and carried unanimously.**

Mr. DeForrest asked the Board to consider changing the current separately managed Dodge & Cox account to their Mutual Income Fund. This would allow the board to have access to mutual funds and give Dodge & Cox more flexibility on investments.

**Second Board Action: Motion was made by Trustee Smith to change our separately managed fixed income account with Dodge & Cox to their Mutual Income Fund, seconded by Trustee Mirata, and carried unanimously.**

**Third Board Action: Motion was made by Trustee Mirata to accept the International Equity Asset Allocation Alternative D, seconded by Trustee Callahan and carried unanimously.**

## **5. DISCUSSION AND POSSIBLE ACTION REGARDING AN AMENDED INVESTMENT POLICY FROM CALLAN ASSOCIATES (CONTINUED FROM AUGUST MEETING)**

**Presenter/s:** Greg DeForrest of Callan Associates referenced written material previously distributed to the Board. (Refer to 2010 Investment Policy Statement at [www.co.mendocino.ca.us/retirement](http://www.co.mendocino.ca.us/retirement).)

**Board Action: Motion was made by Trustee Coursey to adopt the Amended Investment Policy from Callan Associates, seconded by Trustee Mirata and carried unanimously.**

## **6. INTRODUCTION AND POSSIBLE DIRECTION ON STANDING INVESTMENT COMMITTEE**

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

Mr. Andersen developed a draft policy on the formation of a Standing Investment Committee for the Board's review. It was noted that any policy which governs how the Board conducts its business is subject to Government Code Section 31525, and would require the Board of Supervisors to approve the policy as an amendment to MCERA's bylaws. After discussion, the Board appeared to agree continuing the practice of Board review and input concerning manager selection, rebalancing, etc., would be the best alternative at this time.

**Board Action: None taken**

## **7. RETIREMENT ADMINISTRATOR'S REPORT**

**Presenter/s:** Jim Andersen referenced his written report, previously distributed to the Board, and offered the following comments.

## **Financial**

- a. The June 30, 2009 CAFR has been posted to our website, [www.co.mendocino.ca.us/retirement](http://www.co.mendocino.ca.us/retirement) and interested parties have been notified that they can access the CAFR electronically.
- b. In compiling data for our next actuarial valuation, staff questioned the validity of wage data provided in the past. After some research it was confirmed that base wages were being provided to our actuary rather than compensation earnable for retirement (e.g. base wage plus any premium pay). The base wages per pay period reported to the actuary for calculating accrued actuarial liability (AAL) are approximately \$2.5 million. Premium pay amounts to roughly an additional \$42,000 per pay period, or 1.7% of base wages. For the fiscal year ending June 30, 2010, staff will provide the most accurate compensation earnable to the actuary.

## **Miscellaneous**

- a. AB609 (Conway) and AB 1987 were briefly explained to the board.
- b. Ukiah Valley Community Television will be placing two wall mounted cameras in the board conference room to better accommodate meeting activities and provide opportunity to better cover presentations.
- c. The Board of Supervisors approved its response to the Grand Jury findings and recommendations at its August 17<sup>th</sup> meeting. This response was not well publicized by the local media. The Board of Retirement has directed staff to send a message to employed and retired members, as well as the media regarding the response.
- d. Two opportunities to celebrate the retirement of Sue Thornhill were discussed. The first on September 20, 2010 at the Retirement office from noon to 3:00 pm and the second at the Redwood Valley Lion's club park on October 10, 2010, from 2:00 pm to 5:00 pm.

## **8. INVESTMENTS/FINANCIALS**

**Presenter/s:** Jim Andersen referenced written reports distributed to the Board, including the financial reports for June 2010 and August 2010.

## **9. HEALTH INSURANCE**

**Presenter/s:** Jim Andersen mentioned that Hanson Bridgett is currently reviewing the transition of retiree health care accounting functions for IRS compliance.

## **10. MISCELLANEOUS**

- a. Discussion and possible action regarding Final Budget for fiscal year 2010/2011.

**Board Action:** Motion was made by Trustee Coursey to approve the Final Budget as presented, seconded by Trustee Schampire and carried unanimously.

b. Discussion and possible action to engage Hanson Bridgett for legal services including development of a Determination Letter and Voluntary Correction Program applications to the IRS.

**Board Action: Motion was made by Trustee Schapmire to approve the Letter of Engagement from Hanson Bridgett, seconded by Trustee Mirata and carried unanimously.**

c. Discussion and possible action on Fiduciary Insurance for 2010/2011.

**Board Action: Motion was made by Trustee Mirata to authorize the renewal of the Fiduciary Insurance at the existing deductible level, seconded by Trustee Callahan and carried unanimously.**

d. Public Comment.

No public comment to report.

11:39 am: Entered into closed session.

## **11. DISCUSSION AND POSSIBLE ACTION ON DISABILITY APPLICATIONS.**

11:45 am: Out of closed session.

## **12. BOARD ACTION FROM CLOSED SESSION**

- a. Broin, Lori filed 9/29/09 for Service Connected Disability  
No action taken
- b. Canale, Mark filed 5/25/10 for Service Connected Disability  
No action taken
- c. Hammer, Lawrence filed 05/12/08 for Service Connected Disability  
No action taken
- d. Hudson, Gary filed 9/07/10 for Service Connected Disability  
No action taken
- e. Koskinen, Kim filed 10/15/2008 for Service Connected Disability  
No action taken
- f. Vest, Deborah filed 05/05/10 for Service Connected Disability  
No action taken
- g. White, Tammy (Brett) filed 11/09/2008 for Service Connected Disability  
No action taken
- h. Zimmerer, Timothy filed 8/27/09 for Service Connected Disability  
No action taken

11:46 am: Report out from closed session.

Nothing to report.

There being no further business Chairman Pearce adjourned the meeting at 11:47 am.