

**MENDOCINO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION BOARD
OF DIRECTORS MINUTES OF THE REGULAR MEETING,
NOVEMBER 17, 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 8:30 am.

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

Caren Callahan entered the meeting at 8:33 am.

2. APPROVAL OF MINUTES

Upon motion by Trustee Mirata, seconded by Trustee Goodman, and carried unanimously; IT IS ORDERED that the minutes of the October 20, 2010 Board meeting are approved.

Public Comment.

Mr. Richard Shoemaker and Mr. John Sakowicz addressed the Board.

8:35 am: Entered into Closed Session.

3. CLOSED SESSION

1. POTENTIAL THREAT OF LITIGATION PURSUANT TO GOVERNMENT
CODE SECTION 54956.99(b)(3)(A) – 2 cases

2. DISCUSSION AND POSSIBLE ACTION ON DISABILITY APPLICATIONS

10:20 am: Out of Closed Session.

10:25 am: Report Out of Closed Session.

4. BOARD ACTION FROM CLOSED SESSION

1. POTENTIAL THREAT OF LITIGATION PURSUANT TO GOVERNMENT
CODE SECTION 54956.99(b)(3)(A) – 2 cases

Board Action: The Board provided direction to staff.

2. DISABILITY APPLICATIONS

- a. Broin, Lori filed 9/29/09 for Service Connected Disability
- b. Canale, Mark filed 5/25/10 for Service Connected Disability
- c. Hammer, Lawrence filed 05/12/08 for Service Connected Disability
- d. Hudson, Gary filed 9/07/10 for Service Connected Disability
- e. Koskinen, Kim filed 10/15/08 for Service Connected Disability
- f. White, Tammy (Brett) filed 11/09/08 for Service Connected Disability
- g. Zimmerer, Timothy filed 8/27/09 for Service Connected Disability

Board Action: The Board approved the Service Connected Disability Application for Lori Broin stating that the Board reserves its rights under Government Code Sections 31729 thru 31731 to require a disability beneficiary under the age of 55 to undergo future medical evaluations by a physician appointed by the Board.

5. THIRD QUARTER PERFORMANCE REPORT (CALLAN ASSOCIATES)

Presenter/s: Greg De Forrest of Callan Associates referenced written material previously distributed to the Board. (See Investment Measurement Service, Quarterly Review, September 30, 2010 at www.co.mendocino.ca.us/retirement.)

6. DISCUSSION AND POSSIBLE ACTION REGARDING DOMESTIC EQUITIES (CALLAN ASSOCIATES)

Presenter/s: Greg De Forrest of Callan Associates referenced written material previously distributed to the Board. (See US Equity Structure, November 17, 2010 at www.co.mendocino.ca.us/retirement.)

Board Action: Motion was made by Trustee Mirata to approve the US Equity Structure Expanded Alternative A, seconded by Trustee Coursey and carried unanimously.

7. DISCUSSION AND POSSIBLE ACTION REGARDING INTERNATIONAL EQUITY FUNDS (CALLAN ASSOCIATES)

Presenter/s: Greg De Forrest of Callan Associates referenced written material previously distributed to the Board. (See Investment Manager Evaluation, November 5, 2010 at www.co.mendocino.ca.us/retirement.)

Board Action: The Board directed staff to schedule interviews of International Value Investment Managers.

8. RETIREMENT ADMINISTRATOR'S REPORT

- a. Withdrawal of Contributions by Terminating Employees.
- b. Billings for Fees and Services.
- c. Presentation of Administrator's Report.

Financial

1. The Bradford & Marzec and Dodge & Cox transition should near completion at the end of November 2010.

2. All Board members received a copy of the Mercer Public Fund Universe Analysis. MCERA was compared with other 37 Act Systems in the one, three and five year periods. MCERA will continue to add to the database to allow for participation in the ten year comparison.
3. A new cash/liquidity policy, along with any necessary changes to the Investment Policy Statement should be presented to the Board in December.

Legislative

Nothing new to report.

Automation

Linea Solutions has completed amendments to the Information Technology Road Map and will present to the ad hoc committee on November 22, 2010.

IRS Reauthorization

Hanson Bridgett has provided a draft of our application for a Determination Letter from the IRS for the Board to review.

Retiree Healthcare

The Association has been working closely with County Human Resources and the Auditor Controller, with professional guidance from Hanson Bridgett and Mercer, to make funds available for retiree health care costs for the 2010/11 fiscal year in full compliance with Internal Revenue Code 401(h). The objective is to direct County contributions that otherwise would have been deposited into the pension to Human Resources, budget unit 716, for payment of retiree health care costs. In turn MCERA will use accrued excess earnings to offset the contribution that would have been made to pension reserves. It should be noted that this will result in bringing the Retiree Health Insurance reserves to zero, or near zero.

Miscellaneous

County GSA has informed us that they will no longer be able to provide janitorial, building maintenance, or grounds keeping services for our facility. The process of reviewing alternative service providers has begun.

Board Action: Motion was made by Trustee Mirata to approve the administrator's report, seconded by trustee Schapmire and carried unanimously.

9. INVESTMENTS/FINANCIALS

Presenter/s: Jim Andersen referenced written reports distributed to the Board, including the September 2010 final financial report and the October 2010 preliminary financial report.

10. PROCLAMATIONS HONORING TIM PEARCE AND CAREN CALLAHAN FOR THEIR SERVICE AS BOARD MEMBERS.

- a. Both were presented with a Proclamation of appreciation.

11. MISCELLANEOUS

- a. Report from Board members on Fall SACRS Conference attendance.

Presenter/s: Dennis Huey reported on his experience at the Fall SACRS Conference November 10th and 11th, 2010.

There being no further business Chairman Pearce adjourned the meeting at 12:22 pm.

