

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

1) CALL TO ORDER

Judy Zeller, retirement staff, called the meeting to order at 8:29 am.

Roll call was conducted with the following members present:, Shari Schapmire, Randy Goodman, Don Coursey, Kendall Smith, Ted Stephens, Craig Walker, Dennis Huey, Bob Mirata, and Tim Knudsen. Members absent: Lloyd Weer. Also present: Jim Andersen, Retirement Administrator, Judy Zeller, retirement staff, and Jeff Berk, Deputy Sonoma County Counsel.

2) ELECTION OF OFFICERS FOR THE 2010-2011 CALENDAR YEAR

Board Action: Motion was made by Trustee Smith to appoint Trustee Mirata as Board Chairman, Trustee Coursey seconded the motion and it carried unanimously.

2nd Board Action: Motion was made by Trustee Smith to appoint Trustee Schapmire as Board Vice-Chairman, Trustee Huey seconded the motion and it carried unanimously.

3rd Board Action: Motion was made by Trustee Coursey to reappoint Trustee Huey as Board Secretary, Trustee Smith seconded the motion and it carried unanimously.

Officers for the 2010-2011 calendar year are as follows:

**Bob Mirata, Chairman
Shari Schapmire, Vice-Chairman
Dennis Huey, Secretary**

3) APPROVAL OF MINUTES

Upon motion by Trustee Huey, seconded by Trustee Schapmire; IT IS ORDERED that the minutes of the December 15, 2010 Board meeting are approved as amended. Ayes: 7 Noes: 0 Abstain: Trustee Smith

Public Comment. **None**

4) DISCUSSION AND POSSIBLE ACTION REGARDING ADOPTION OF ERROR CORRECTION POLICY (RETIREMENT BENEFITS)

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

Board Action: The Board requested that staff bring the Error Correction Policy back for further discussion during the January 19, 2011 meeting.

5) RETIREMENT ADMINISTRATORS 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) Work continues with Bradford & Marzec and Dodge & Cox to transition from separately managed bond accounts to the Dodge & Cox Bond Income fund.
- 2) After discussions with Callan it was decided to bring a cash policy to the Board after we have had sufficient time to more carefully review sources and uses of cash. We anticipate a policy to be presented in February of 2011. Meanwhile we have been working with Callan and our fund managers to invest our cash toward the new asset targets. PIMCO and the Dodge & Cox Income Fund were amended to reinvest all interest earned.
- 3) V. James Sligh began his audit of MCERA on November 29, 2010.

Legislative

- 1) Staff will be following HR 6484, which seeks to link local government's ability to issue tax-exempt bonds to disclosures to the U.S. Treasury on the status of the jurisdiction's pension fund.

Outreach

- 1) On November 30, 2010, Greg Ungerman, Callan Associates, and Jim Andersen, Retirement Administrator, made a presentation to the Board of Supervisors on the status of the plan assets.

Automation

- 1) On November 22, 2010, the ad hoc Software Search Committee met with Linea Solutions to review their draft IT Roadmap Report. The final report will be presented to the Board at a special meeting on January 20, 2011.

IRS Reauthorization

- 1) Staff continues to work with Hanson Bridgett on the IRS reauthorization application. The Board has until the end of January 2011 to meet the deadline for submitting the application.

Retiree Healthcare

- 1) MCERA has received a revised letter from the County stating the projected costs for retiree health care for 2010/2011 fiscal year and is working with Human Resources to reconcile transfers made to date. We will then subtract that amount

from the projected costs and transfer the remaining balance. We will also transfer all accrued premium payments from retirees for themselves and their dependents.

Miscellaneous

- 1) On December 7, 2010 the Board of Supervisors reappointed Dr. Don Coursey to the Board and appointed Ted Stephens.
- 2) MCERA has hired Moonlight Janitorial to provide janitorial services to both suite A and B at Kings Court.
- 3) Consistent with the Board's direction, staff contacted Sonoma County to negotiate a contract for legal services where a conflict may arise between MCERA and Mendocino County.
- 4) Staff researched a more efficient and cost-effective way of determining when we have a deceased member of our system. Small World Solutions, who currently serves 10 other 37 Act systems, provides weekly updates on decedents.

Board Action: Motion was made by Trustee Goodman to approve the administrator's report, seconded by trustee Huey and carried unanimously. It was noted by Trustee Smith that an agreement with Small World Solutions would need to be placed on the January 19, 2011 Agenda as an action item.

6) INVESTMENTS/FINANCIALS

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

Board Action: None

7) DISCUSSION AND POSSIBLE ACTION REGARDING APPLICATION TO THE INTERNAL REVENUE SERVICE FOR A DETERMINATION LETTER AND VOLUNTARY CORRECTION PROGRAM (HANSON BRIDGETT)

Presenter/s: Jim Andersen referenced the draft Application to the IRS prepared by Hanson Bridgett.

Board Action: Motion was made by Trustee Goodman to approve the application to the IRS for a Determination Letter and Voluntary Correction Program, seconded by Trustee Schapmire and carried unanimously.

8) DISCUSSION AND POSSIBLE ACTION REGARDING CONTRACT FOR LEGAL COUNSEL (RETIREMENT SYSTEM)

Presenter/s: Jim Andersen referenced a contract for legal counsel prepared by Sonoma County Counsel. Jeff Berk, Deputy Sonoma County Counsel was present to address the Board and answer any questions they may have had.

Board Action: Motion was made by Trustee Smith to approve the contract for legal services submitted by Sonoma County Counsel, seconded by Trustee Huey and carried unanimously.

10:09 am: Entered into Closed Session.

9) CLOSED SESSION

- a) POTENTIAL INITIATION OF LITIGATION PURSUANT TO GOVERNMENT CODE SECTION 54956.9(C) -1 CASE
- b) POTENTIAL THREAT OF LITIGATION PURSUANT TO GOVERNMENT CODE SECTION 54956.9(B)(3)(A) - 1 CASE
- c) PENDING DISABILITY APPLICATIONS
 - a) Canale, Mark filed 5/25/10 for Service Connected Disability
 - b) Hammer, Lawrence filed 05/12/08 for Service Connected Disability
 - c) Hudson, Gary filed 9/07/10 for Service Connected Disability
 - d) Koskinen, Kim filed 10/15/08 for Service Connected Disability
 - e) White, Tammy (Brett) filed 11/09/08 for Service Connected Disability
 - f) Zimmerer, Timothy filed 8/27/09 for Service Connected Disability

10:20 am: Out of Closed Session.

10) REPORT OUT FROM CLOSED SESSION

Board Action: The Board provided direction to staff on closed session items (a) and (b). No action was taken on pending disability applications.

There being no further business Chairman Mirata adjourned the meeting at 12:14 pm.