

**MENDOCINO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
BOARD OF DIRECTORS MINUTES OF THE REGULAR MEETING,
DECEMBER 17, 2008 AT 8:30 AM,
MENDOCINO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
CONFERENCE ROOM, 625B KINGS CT., UKIAH, CA 95482**

MEMBERS PRESENT:	Randy Goodman	Director
	Eloise Grothe	Director
	Lloyd Weer	Director
	Bob Mirata	Vice-Chair
	Shari Schapmire	Treasurer/Tax Collector
	Kendall Smith	Director
	Dr. Donald Coursey	Director
	Dennis Huey	Secretary
	Timothy Pearce	Chair

MEMBERS ABSENT: **None**

ALSO PRESENT: Jim Andersen, Administrator
 Tim Knudsen, Alternate Member
 Sue Thornhill, Retirement Coordinator/Clerk of the Board

1. CALL TO ORDER

Chair Pearce called the meeting to order at 8:30 am.

Roll call

2. ELECTION OF OFFICERS FOR THE 2008-2009 CALENDAR YEAR

Motion made by Mirata, seconded by Huey to reelect the current slate of officers. All votes favorable, motion carried. The clerk reported the officers for the upcoming year will be Tim Pearce, Chair, Bob Mirata, Vice Chair, and Dennis Huey, Secretary.

PUBLIC EXPRESSION

Mr. Andersen reported that prior to the January 2009 meeting, staff will have backup for each item on the agenda and it will be provided to both the board members and interested members of the public.

3. MINUTES OF THE REGULAR MEETING OF 11/19/08

Motion made by Mirata, seconded by Grothe to approve the minutes with one amendment. All votes favorable, motion carried.

4. RETIREMENT ADMINISTRATOR'S REPORT

- a. Motion made by Grothe, seconded by Weer to approve the Retirement Administrator's report as presented. All votes favorable, motion carried.
- b. Mr. Andersen advised the members that the RFP Ad Hoc Committee would meet after the regular Board of Retirement meeting and he anticipates completion of the process by June or July of 2009.
- c. Mr. Andersen reported the draft Actuarial Report for June 30, 2008 had been received and he anticipates the final report would be available prior to the January 2009 regular meeting.

5. INVESTMENTS/FINANCIALS

- a. The board was presented with the financial reports for the period ending October 31, 2008. Mr. Andersen drew the board's attention to the fact the fund is currently down to \$234,458,854.
- b. Mr. Weer requested information on why the administration expense account had a positive balance. Mr. Knudsen explained that some years ago the Board of Retirement, at the request of the county administrator, advanced the cost of the systems administration fees to be reimbursed by the county through increased contributions, and this is the final year of the reimbursement.
- c. Mr. Andersen reported he was already receiving sample Request For Proposals from other counties and agencies. He further explained once he has developed the document he will bring it back to the board for approval and at that point send out to financial consulting firms for responses. He expected the project would conclude by the end of the fiscal year.
- d. Mr. Andersen reported the Investment Ad Hoc Committee had met on November 3, 2008 and are making the following recommendations:
 - Liquidate Mainstay and place the funds with the Vanguard Small cap Index fund.
Mr. Knudsen advised the board due to the downturn in the market they would need to recognize a \$2,900,000.00 loss.
 - Open an account with PIMCO, bond manager, with an initial investment of no less than \$5,000,000.00 and to begin equalizing the dollars held by Dodge & Cox and PIMCO.

After some discussion a motion was made by Mirata, seconded by Grothe to eliminate Mainstay and place the funds with Vanguard Small Cap Index Fund.

There being no further discussion roll call vote as follows:

Ayes: Grothe, Weer, Mirata, Schapmire, Coursey, Huey, Pearce

Noes: Smith

After some discussion a motion was made by Mirata, seconded by Coursey, to accept the recommendation of the administrator and invest \$5,000,000 with PIMCO and to begin equalizing the dollars held with Dodge & Cox and PIMCO.

There being no further discussion roll call vote as follows:

Ayes: Grothe, Weer, Mirata, Schapmire, Smith, Coursey, Huey, Pearce

Noes: 0

- e. Mr. Andersen advised the Board that the staff recommendation is to apply zero interest to both the employee and the County reserve accounts for the period ending December 31, 2008.

After a short discussion a motion was made by Schapmire, seconded by Mirata, to apply zero interest to the accounts for the period ending December 31, 2008.

Roll call vote as follows:

Ayes: Goodman, Grothe, Weer, Mirata, Schapmire, Smith, Coursey, Huey, Pearce. Noes: 0 Motion carried 9-0.

- f. Mark Romano representing Pacific Investment Management Company, aka PIMCO, entered the meeting at 9:00 am to make a presentation to the Board of Retirement.

Mr. Romano provided copies of a document describing the company and their investment style. He stated that PIMCO uses an investment philosophy of investing primarily in mortgages, corporate and treasury bonds that are backed by government guarantees.

After some questions by the board advised the minimum requirement for opening an account with PIMCO is \$5,000,000 and 46 basis points for their fees, which include custodial and other services.

Mr. Romano was thanked by Chair Pearce and left the meeting at 9:55 am.

6. HEALTH INSURANCE

- a. The board was presented with the most recent copy of the "Insurance Reserve Balance Report." The members expressed their approval of the new format, which compares several years of expenses and reserves.
- b. Mr. Andersen advised the board the Retirement Health Benefits Committee meeting that was scheduled to be held December 10, 2008 had been cancelled by the CEO's office and would be held at a later date.

- c. Mr. Andersen reported he had met with the County Human Resource staff and they will work with the CEO's office to determine the role of the Retirement Health Benefits Committee but for now the RHBC is in a holding pattern.

Mr. Andersen reported he had also met with Human Resources and Mercer has a draft of the highest cost users of the plan and what they are costing the health plan.

Mr. Andersen also advised the board Mercer will be surveying other 1937 ACT Counties regarding the cost of their post retirement health plans, premiums, plan design, etc. The Retirement Association has also been given the authority to work directly with Mercer in order to gather information.

Finally, Mr. Andersen stated there two separate types of communication going on:

- 1) Retirement Health Benefits Committee
- 2) CEO Ad Hoc Committee consisting of Mr. Pearce and Mr. Mirata from the Board of Retirement. Ms. Smith and Mr. Colfax from the Board of Supervisors and the CEO's office and representatives from the CEO's office.

MISCELLANEOUS

- a. Public Comment.
- b. Ms. Smith requested the January 2009 regular board meeting be moved to the fourth Wednesday of the month and that the 2009 meeting schedule be agenized for a possible change.

10:45 ENTERED INTO CLOSED SESSION

- a. Update on disability applications

11:20 OUT OF CLOSED SESSION

BOARD ACTION FROM CLOSED SESSION

- a. BAKER, JILL, filed 1/27/2008 for Service Connected Disability
Tabled for further information
- b. HAMMER, LAWRENCE, filed 05/12/2008 for Service Connected Disability.
Set for Hearing
- c. HUGHES, PAMELA, filed 10/30/06 for Service Connected Disability
Set for Hearing
- d. KOSKINEN, KIM, filed 10/15/2008 for Service Connected Disability
Tabled for further information
- e. LEHMAN, FLORENCE, filed 10/30/2007 for Service Connected Disability

- Set for Hearing
- f.** MASON, MICHAEL, filed 10/30/2008 for Service Connected Disability
Set for Hearing
 - g.** MEYER, SHARON, filed 5/12/2008 for Service Connected Disability
Set for Hearing
 - h.** OGLESBY, JERALD, filed 2/04/2008 for Non-Service Connected Disability
Set for Hearing
 - i.** ROBINOW, PAMELA, filed 4/28/2008 for Service Connected Disability
Set for Hearing
 - j.** WHITE, TAMMY (Brett), filed 11/09/2008 for Service Connected Disability
Data being gathered

There being no further business Chairman Pearce adjourned the meeting at 11:25 AM.

Tim Pearce, Chair

Susan Thornhill, Retirement Coordinator