

◆MENDOCINO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION◆  
BOARD OF RETIREMENT MEETING MINUTES  
◆FEBRUARY 15, 2012 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, Lloyd Weer, Supervisor Kendall Smith, Tim Knudsen, Ted Stephens, and John Sakowicz. Also present: Jim Andersen, Retirement Administrator and Judy Zeller, Clerk to the Board. Members absent by previous arrangement: Randy Goodman and Craig Walker. Members absent: Richard Shoemaker.

**2) APPROVAL OF THE MINUTES OF BOARD MEETING HELD JANUARY 18, 2012**

**Upon motion by Board member Schapmire, seconded by Board member Smith; IT IS ORDERED that the minutes of the January 18, 2012 Board meeting are approved as amended.**

**3) PUBLIC COMMENT: None**

Richard Shoemaker entered the meeting.

**4) DISCUSSION AND POSSIBLE ACTION REGARDING QUARTERLY PERFORMANCE REPORT (CALLAN ASSOCIATES)**

**Presenter/s:** Greg Ungerman, Callan Associates, referenced written reports previously distributed to the board.

**5) DISCUSSION AND POSSIBLE ACTION REGARDING THE 2010/11 INDEPENDENT FINANCIAL AUDIT REPORT (GALLINA LLP)**

**Presenter/s:** Crystal Ekanayake, Gallina LLP, referenced written reports previously distributed to the board.

**Board Direction:** Direct Gallina to change the wording to footnote 1, page 9, regarding Health Benefits for retired employees as follows: Change "the County of Mendocino has assumed responsibility" to "the County of Mendocino had assumed partial responsibility". Gallina will work with Staff to add a subsequent sentence to the footnote regarding the 2010 Board of Supervisors action regarding Health Benefits for retired employees. (Actually Board of Supervisors Resolution No. 98-147, adopted September 22, 2009.)

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**Board Action:** Motion was made by Board member Stephens to accept and approve the June 30, 2011 Independent Financial Audit report with modification to footnote 1 updating the language from "has" to "had" and "funding" to "partial funding", and to add a subsequent sentence regarding the Board of Supervisors action. Board member Schapmire seconded the motion and it was approved unanimously.

**6) DISCUSSION AND POSSIBLE DIRECTION REGARDING THE JUNE 30, 2011 ACTUARIAL VALUATION REPORT AND POSSIBLE DIRECTION TO MODIFY THE TIME WHEN REPORTS WILL BE MADE AVAILABLE PRIOR TO ANY BOARD ACTION (TED STEPHENS)**

**Presenter/s:** Ted Stephens referenced written reports previously distributed to the board.

**Board Direction:** Staff will work with our actuary, The Segal Company, to obtain future valuation reports in a timelier manner to allow for additional time to review information included in reports. Staff will prepare a timeline for receipt of all of our reports and bring back for discussion at a future meeting. The June 30, 2011 Actuarial Valuation report will be included in the March 21, 2012 board meeting agenda for discussion and possible action. The Segal Company will be available to address Ted Stephen's questions and to answer any other questions that Board members may have.

**7) 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.

**Automation**

1) The San Luis Obispo Retirement System's (SLO) demonstration of their pension automation system (PAS) scheduled for February 23<sup>rd</sup> will be postponed until a later date.

**Correction of Contribution Rates Project**

1) The project continues to progress and all parties are continuing to work well together. Staff met with the County and the Superior Courts. Both understand their responsibility to reimburse members, determine policy on under payments, and to develop IRS compliant communication to members. Our tax counsel, Hanson Bridgett, will need a release to work with County Counsel, CEO, and Auditor regarding the correction project directly.

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**Miscellaneous**

1) MCERA received three Public Records Act (PRA) requests. The first requested extensive information on our retirees. Working with our attorney, MCERA responded that it would take up to ninety (90) days to produce the information, that all allowable costs must be reimbursed, and to communicate to MCERA in a letter if they still wanted us to proceed prior to MCERA committing resources to the PRA. The second PRA was from the law firm of Mastagni, Holstedt, Amick, Miller & Johnsen, representing the Mendocino County Deputy Sheriffs' Association, requesting information regarding previous documents related to retiree health care. MCERA is working closely with County Counsel in responding to this request, as the County received an identical request. Finally, MCERA received a PRA from JEA Pension System Solutions for all proposals for preparing an Information Technology Roadmap. Staff has provided copies of those documents to the firm.

**Board Direction:** Staff will provide a report on disbursement of the Buck settlement funds at a future meeting.

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

**8) INVESTMENTS/FINANCIALS**

- a) Presentation of financial statements
- b) Action may be taken to terminate or hire investment managers at any meeting

**Presenter/s:** Jim Andersen referenced the final December 2011 and the preliminary January 2012 financial statements.

**9) DISCUSSION AND POSSIBLE ACTION REGARDING COST OF LIVING  
INCREASE EFFECTIVE APRIL 1, 2012**

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

**Board Action:** Motion was made by Board member Knudsen to approve a 3.0% Cost of Living Adjustment (COLA) effective April 1, 2012. Board member Weer seconded the motion and it was approved unanimously.

**10) DISCUSSION AND POSSIBLE ACTION REGARDING CASH MANAGEMENT AND  
REBALANCING POLICY**

**Presenter/s:** Jim Andersen referenced written reports distributed to the board.

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**Board Direction:** Staff will direct bond managers to remit dividend income as cash payments to MCERA.

**Board Action:** Motion was made by Board member Stephens to adopt the Cash Management and Rebalancing Policy. Board member Smith seconded the motion and it was approved unanimously.

**11) DISCUSSION AND POSSIBLE ACTION REGARDING OVERPAYMENT POLICY**

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

**Board Direction:** Staff will calendar overpayment policy for review in one year.

**Board Action:** Motion was made by Board member Stephens to adopt the Overpayment Policy. Board member Smith seconded the motion and it was approved unanimously.

**12) DISCUSSION AND POSSIBLE ACTION REGARDING AUTHORIZED SIGNATURES RESOLUTION**

**Presenter/s:** Jim Andersen referenced written reports distributed to the board.

**Board Action:** Motion was made by Board member Stephens to approve the Authorized Signatures Resolution stating Jim Andersen and/or Bob Mirata as authorized signatories for investments. Board member Knudsen seconded the motion and it was approved unanimously.

**13) REPORT FROM EXECUTIVE RECRUITMENT AD HOC COMMITTEE**

**Presenter/s:** Board member Supervisor Smith reported on the recruitment process, potential applicants, and the scheduling of telephone interviews with the Recruitment ad hoc committee on February 15, 2012.

**Board Direction:** The Recruitment ad hoc committee will recommend preferred candidates to be scheduled for interviews with the full Board on March 21, 2012. A special board meeting may be scheduled if necessary.

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**14) REPORT FROM ATTENDEES OF THE CALLAN INVESTMENTS INSTITUTE'S  
THIRTY- SECOND NATIONAL CONFERENCE**

**Presenter/s:** Jim Andersen, Supervisor Kendall Smith, Bob Mirata, and Lloyd Weer commented on their attendance at the Callan Investment's Institute Conference.

There being no further business Bob Mirata, Chair, adjourned the meeting at 12:45 P.M.