

**MENDOCINO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION BOARD
OF DIRECTORS MINUTES OF THE REGULAR MEETING,
JANUARY 20, 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: Randy Goodman, Caren Callahan, Lloyd Weer, Bob Mirata, Shari Schapmire, Kendall Smith, Dennis Huey, Tim Knudsen, Dr. Don Coursey and Tim Pearce.

Also present: Jim Andersen, Retirement Administrator, and Sue Thornhill, retirement staff.

2. APPROVAL OF MINUTES

Upon motion by Trustee Goodman, seconded by Trustee Weer, and carried unanimously; IT IS ORDERED that the minutes of the December 16, 2009, Board meeting are approved with amendments.

3. PRESENTATION OF THE JUNE 30, 2009 ACTUARIAL STUDY

a. Presenter/s: Harold Loeb, of Buck Consultants, began his presentation of Actuarial Study for the period ending June 30, 2009.

Mr. Loeb began by reminding the board that both widening the corridor and extending the funding time to 30 years saved the County approximately \$9,000,000.00 for the upcoming year.

After several questions from the Board members addressed to Mr. Loeb he reminded the trustees that Mendocino County Employees' Retirement Association was in the top five funding levels among the public retirement systems and is still well funded. He also reviewed a report prepared by the Retirement Administrator comparing 17 of the 1937 ACT counties and the combined rates of both employer contributions and debt service on POBs, paid by each County, and Mendocino was the fourth lowest contribution rate as a percentage of the county payroll.

After further discussion Mr. Loeb was thanked by Chair Pearce and left the meeting.

b. Motion made by Huey, seconded by Goodman to accept the report as presented. Motion carried unanimously.

4. RETIREMENT ADMINISTRATOR'S REPORT

Presenter/s: Jim Andersen referenced written information previously distributed to the Board, and offered the following comments:

Financial

1. Jim Sligh, CPA, has nearly completed the 2008/09 Audit. Also, per the Board's direction, staff will be bringing forth a policy for consideration to guide future audits and the selection of external auditors.
2. The disc for the State Controller's Office for the systems annual report has been received. He also reported the response is due by the end of January and should be completed without any delays.
3. Once the actuarial study has been approved and the final audit is received, staff can begin work on the Comprehensive Annual Financial Report (CAFR). He advised the Board that he hopes to complete the CAFR in late winter or early spring this year. He also notified the members that we have not yet received comment from the GFOA.
4. At the December meeting staff was directed to meet with County Counsel regarding the level and cost of services County Counsel provides the Association. He told the trustees he had met with Jeanine Nadel and she has agreed to provide a draft engagement letter and hourly rate from which we can discuss alternatives for future services and billings.
5. Staff continues to work with Bank of New York Mellon (BONY) on the transfer of data from their Syracuse office to their Pittsburgh office, where we are now served. He added that after some confusion, he feels they are very close to reconciling the securities and should be up to date with the financial reports by the February 2010 meeting.
6. Staff had met with Trustee Goodman on January 13, 2010 to discuss how excess earnings are determined and to describe all of the deposits to the Retiree Health Insurance reserve over the past ten years. The meeting was both informative and productive and staff will bring the information to the full Board at the March 2010 meeting since Trustee Goodman will be absent for the February meeting.
7. The Board was referred to the report prepared by the Administrator and it was mentioned during Harold Loeb's presentation, regarding Mendocino County's very competitive position with its rates due to good returns and less generous benefit levels compared to other 1937 ACT retirement systems.

Outreach

1. On November 23, 2009 he had transmitted a letter to the Mendocino County Farm Bureau in response to questions he received when he attended a meeting with their members in September. He related he had received a call from Mike Anderson and he anticipates a follow up meeting in the near future.

2. On December 18, 2009 he had been a guest of KZYY Radio to discuss MCERA and public pension issues in general. He explained he had to do the interview by phone from Sacramento because he was attending a memorial service; he also reduced the interview to ½ hour and will do a full hour in the future.

3. A New Year's letter had been mailed to all retirees (along with their life verification and direct deposit notification forms). The letter provided a brief "state of the system" along with upcoming projects.

Miscellaneous

1. The lease with the State of California had been completed and the ADA ramp and other projects will be underway as soon as Tim Garrison can be placed under contract or hired as an extra help employee. He reminded the Board any expense related to the project will be paid for from the cost of the building and not come out of the Administrative Expenses of the Association.

2. Staff met with representatives from the Human Resources Department regarding their proposed Project Plan to be presented to the Board of Supervisors on January 26, 2010. He added it is still unclear what part, if any, the Board of Retirement is expected to play.

3. Staff members along with Jeanine Nadel, County Counsel had received training from the law firm Hanson Bridgett in order to prepare for the IRS reauthorization.

4. Each member had information in their packet about the upcoming Callan College.

Presenter/s: Sue Thornhill referenced written information previously distributed to the Board regarding withdrawals of contributions. Jim Andersen referenced billings for services and fees.

Board Action: Motion was made by Trustee Schapmire, seconded by Trustee Mirata to approve the Retirement Administrator's Report as presented. Motion carried unanimously.

5. INVESTMENTS/FINANCIALS

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

the Board, including the final financial statement for the period ending November 30, 2009. He informed the Board that during the month of December the fund gained \$5,300,000 despite the losses in private real estate and in the PIMCO bond fund.

6. HEALTH INSURANCE

Presenter/s: Sue Thornhill presented the “Insurance Reserve Balance Report” which was distributed to the Board and the public at the beginning of the meeting.

The Board was advised the life expectancy of the fund is currently 8.31 months. They were reminded however that beginning with the payroll of January 31, 2010 the retirees who participate in the health plan will begin paying the \$75.00 per person premium, which will hopefully help extend the life of the plan.

7. MISCELLANEOUS

- a. Presenter/s:** Jim Andersen reported to the Board that per their direction at the December 2009 meeting he reviewed the 2009/10 budget and in order to meet the requirements of the Board Education Policy he increased the out-of-county travel and training dollars from \$12,000 to \$21,000, with approval of the Auditor-Controller and CEO.
- b. Presenter/s:** Information on the recommendations of the Software Search Committee. He reminded the Board members the committee consisted of Trustees Huey, Schapmire and Weer.

Each of the committee members gave a brief statement of how the RFQ/I had been done and an explanation of how the interviews of the two finalists, L.R. Wechsler, LTD, and Linea Solutions, Inc., were conducted. The committee made the recommendation to the full board to direct the chair to sign a contract with Linea Solutions, Inc.

After some further discussion a motion was made by Trustee Coursey, seconded by Trustee Huey to direct the chair to sign the contract with Linea Solutions, Inc. Motion carried unanimously.

Public Expression: None

Trustee Callahan left the meeting at 9:45

8. 9:45 ENTERED INTO CLOSED SESSION

- a.** Discussion and possible action on disability applications

11:30 OUT OF CLOSED SESSION

BOARD ACTION FROM CLOSED SESSION

- a. BROIN, LORI, filed 09/29/09 for Service Connected Disability
1/20/10 Refer to Attorney Suzanne De Kozan for further information
- b. ELDER, COLONIE, filed 1/14/09 for Service Connected Disability
No action taken
- c. HAMMER, LAWRENCE, filed 05/12/2008 for Service Connected Disability.
No action taken
- d. KOSKINEN, KIM, filed 10/15/2008 for Service Connected Disability
No action taken
- e. LEHMAN, FLORENCE, filed 10/30/2007 for Service Connected Disability
No action taken
- f. MEYER, SHARON, filed 5/12/2008 for Services Connected Disability
No action taken
- g. ROBINOW, PAMELA, filed 4/28/2008 for Service Connected Disability
No action taken
- h. WHITE, DEBRA, filed 12/30/09 for Service Connected Disability
1/20/10 Refer to Rheumatologist for 2nd Opinion
Ayes: 8 Noes: 0 Abstain: 0 Absent: 1
- i. WHITE, TAMMY (Brett), filed 11/09/2008 for Service Connected Disability
1/20/10 Refer to Robert Murray to be set for hearing
Ayes: 8 Noes: 0 Abstain: 0 Absent: 1
- j. ZIMMERER, TIMOTHY, filed 8/27/09 for Service Connected Disability
No action taken

10:20 REPORT OUT FROM CLOSED SESSION

It was reported that the application for a Lori Broin has been referred back to attorney Suzanne De Kozan for further information. The application for service connected disability for Debra White has been referred to attorney Anthony Graham to be set for an appointment with a Rheumatologist for a second opinion. The application for service connected disability for Tammy White has been set for hearing with Robert Murray of the firm Arbitration and Mediation.

There being no further business Chairman Pearce adjourned the meeting at 11:45 A. M.

Tim Pearce, Chair

Susan Thornhill, Retirement Coordinator