MCERA RETIREMENT BOARD MINUTES
Thursday December 10, 2009

Roll Call: 8:15 AM

Board Members Present:
Sandy Teague, Mark Bodley, Karen Rodriguez, Tom Mackenzie, Al Peterson, Michael Rhodes, Karen Adams, Deidre Kelsey and David Ness. ***Counsel***: ***Staff:*** Maria L. Arevalo, Gale Garcia and David Liu. **Also present:** Bill Cottle, Bethlehem Zawde, Hannah Strasser, Bernie Clark, Thomas Coleman, Scott Geary, John Williams, and Mark Luchsinger.

Absent: Karen Adams-excused
Dwayne McCoy-excused

Approval of Minutes: Motion to approve the minutes of November 19, 2009. Rodriguez/Rhodes. U/A

PUBLIC COMMENT None.

BOARD ACTION/DISCUSSION

1. **Fund Manager Presentations:**
   The three firms, Barrow Hanley, Wellington and AXA selected during the November 19, 2009 Board meeting presented to the Board. Barrow Hanley and Wellington presented for comprehensive mandate and AXA for the stand alone high yield mandate.
   Motion to hire Barrow Hanley as the new Core Fixed Income and TIPS manager and hire AXA as the stand alone High Yield manager pending contract negotiations. Rodriguez/Bodley. U/A

2. **Implementation of Asset Allocation**
   Mr. Cottle discussed a memorandum proposing two scenarios on how to fund the new asset allocation plan. The first option is to fund from all assets now held by Mellon and the Standish workout portfolio; the second option is to fund from the fixed income assets held by Mellon, all the assets in the Standish workout portfolio, and the remainder from Delta, and Earnest Partners domestic equity funds, and Mellon Capitol Growth & Value Index Funds.
   Motion to select option two to fund the new asset allocation. Peterson/Rodriguez. U/A

3. **IRS Determination Letter**
   Ms. Arevalo sought Board approval of a BAI for payments for IRS Determination Letter legal services. Ms. Arevalo noted, the Board had approved the filing of an application for an IRS Tax Determination Letter; MCERA had begun the process of compiling the documentation needed for the application. Robert Blum issued a proposal to develop a manual and provide training to prepare the application. A number of 37 Act systems have already participated in this training and three additional systems will share the cost of the training with MCERA.
   Motion to approve cost of manual and training for IRS Determination Letter. Kelsey/Rodriguez. U/A

4. **Interest Crediting for December 2009**

Ms. Arevalo sought approval of the interest crediting BAI; staff recommended the interest crediting rate of 0% to be credited to all reserves as a result of the negative net investment income available for interest.
Motion to approve 0% interest credit rate to all reserves.
Kelsey/Rodriguez

CLOSED SESSION—CONFERENCE WITH LEGAL COUNSEL—SIGNIFICANT EXPOSURE TO LITIGATION: Government Code section 54956.9

It is the intention of the Retirement Board to meet in Closed Session pursuant to Government Code Section 31532 regarding the confidentiality of member records.

Five (5) Disability Retirement Cases – Anna Partida, Frances Miller, Leroy Alford, Paul Wuthrich and Teresa Chavez.

Informal Hearing: None
Formal Hearing: None

RETURN TO OPEN SESSION

REPORT OUT OF CLOSED SESSION
Direction given to staff.

INFORMATION ONLY

1. **Update on PAS**
   Ms. Arevalo updated the Board on the new Pension Administration System and noted MCERA had completed the contract process with outside counsel. Staff is working with Linea Solutions as consultants on this project. Ms. Arevalo reported the project is proceeding as scheduled with a projected completion date of August 2011. The estimated project cost remains at approximately $2.4 million.

CORRESPONDENCE: Wentworth, Hauser and Violich made certain personnel changes; these did not negatively impact MCERA.

OTHER BUSINESS: Future Meetings, Conferences, Direction for Future Agenda Items
The Alternate Retired Member Position issue will be added to the January agenda.

ADJOURNMENT 11:46 AM

Respectfully Submitted,

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David Ness, Chairman

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Al Peterson, Secretary

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Date