

**MCERA RETIREMENT BOARD  
SPECIAL MEETING MINUTES  
Thursday April 29, 2010**

**Roll Call: 8:18 AM**

**Board Members Present:**

Sandy Teague, Mark Bodley, Michael Rhodes, Karen Adams, Deidre Kelsey, Ron Kinchloe, Karen Rodriguez, and David Ness. **Counsel:** Michael Calabrese **Staff:** Maria L. Arevalo, Gale Garcia and David Liu. **Also present:** Jim Brown, Graham Schmidt

**Absent:** Dwayne McCoy-excused  
Al Peterson-excused  
Tom Mackenzie-excused

**Approval of Minutes: NO MINUTES TO APPROVE**

**PUBLIC COMMENT: None**

**BOARD ACTION/DISCUSSION**

**1. Discussion and Direction to Actuaries for the completion of the MCERA June 30, 2009 Valuation and other actions related to developing fiscal year 2010/2011 County contribution rates.**

Jim Brown, Assistant CEO presented preliminary Merced County budget information to the Board and noted fiscal year 09/10 projected expenditures will exceed revenue by about \$14 million dollars. Budgeted local revenue for fiscal year 09/10 will be about \$64.2 million compared to \$79 million for fiscal year 08/09 and the available fund balance will be about \$44.3 million which includes \$11.5 million contribution from reserves. Mr. Brown noted the County continues to find ways to cut expenses including the layoff of county employees and working with Union bargaining units to look at cost savings adjustments. Mr. Brown asked the Board to consider a scenario that would adjust the contribution amount for the next fiscal year because of the current county budget status.

Ms. Arevalo reported that pursuant to Board direction, a meeting was held with three Board members, Jim Brown, MCERA staff and counsel on April 23, 2010. The group discussed possible scenarios to adjust the employer contribution rate from the 35.71% presented by EFI at the April 22, 2010 meeting. Three scenarios were selected by the group to present to the full Board on April 29. Scenario 1 would increase the corridor to 70/ 130%; create a special base of \$125,000,000 to be amortized over 25 years, leaving the balance of the unfunded liability to be paid over the remaining 15 years of the present amortization period. Under this scenario, the contribution rate is 30.16%. Scenario 2 would increase the corridor to 75/ 125% and extend the amortization period to 20 years; the result is 29.48% contribution rate. Scenario 3 would increase the corridor to 70/130%, and extend the amortization period to 18 years; the result is 29.88 contribution rate. It was noted that the scenarios were developed using the EFI projection software and that the calculations performed by EFI would result in slightly different rates. There was discussion among trustees that in selecting a scenario, the fund's financial health must be considered but that the impact to the plan sponsor was also a factor. After consideration of the pros and cons of each scenario, the Board selected the contribution rate resulting from changing

the amortization period to a declining 18 years and extending the corridor to 70/130% for FY 2010/2011 which was reflected in scenario 3.

**Motion to adopt declining 18 year amortization period, new corridor at 70/130 and new employer contribution rate.**

**Kelsey/Teague. U/A**

**OTHER BUSINESS: Future Meetings, Conferences, Direction for Future Agenda Items  
NONE**

**ADJOURNMENT 10:00 AM**

**Respectfully Submitted,**

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David Ness, Chairman

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Al Peterson, Secretary

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Date