

Date: December 13, 2017
To: Board of Retirement
From: James Wilbanks, Retirement Administrator
Subject: Strategic Planning Off-Site Follow Up

Attached to this memo is an expanded list of the projects and ideas generated during the Strategic Planning Off-Site Meeting with a brief description for each project. After discussion of these projects at the November Board meeting, I solicited input from Trustees and Staff asking all to prioritize each project. The number in parentheses after each project name is the rank of that project based solely on input from Trustees.

Based on this input, I next amended the Board Work Plan to incorporate the most important new projects and adjusted deadlines accordingly. The bolded projects are included on the work plan. The Draft 2018 Board Work Plan is attached for your consideration.

At the Board meeting, I will present additional information for the Board to consider before finalizing the 2018 Board Work Plan.

I recommend the Board give direction to staff on the 2018 Board Work Plan.

Strategic Planning Off-Site Projects

Benefit Delivery Objective

Performance Metrics (Priority Rank 13) – Identify objective measures of customer service performance; develop methods to consistently and programmatically gather data on those measures; regularly present data and analysis to management and Board.

Risk

Risk Assessment (2) – Research options for conduct of a comprehensive risk assessment; issue RFP for external partner to conduct assessment; evaluate responses and select external partner; work with partner to identify, evaluate and quantify risks; evaluate final report and recommendations for additional actions.

DR/BC Plan (1) – Disaster Recovery/Business Continuity plan; Write a comprehensive, detailed plan to provide guidance for recovering from categories of disasters and continuing to conduct the business of the Association.

Fully Funded Objective

Actuarial

PEPRA Impact Analysis (2) – Work with the consulting actuary to measure and forecast the impact of PEPRA legislation on the Association over time.

Stress Testing Actuarial Studies (2) – Work with the consulting actuary to forecast the impact of alternate futures on the funded ratio, contribution rates and other important measures.

Plan Sponsor Review (20) – After the completion of “Stress Testing Actuarial Studies”, evaluate the impacts on plan sponsors of the projected employer contribution rates and review the impact of the economic regimes on the sponsors.

Investment

Investment Program Review (Mortgage Lending Policy, Local Investment Policy, ESG, Direct Lending) (7) – Identify Board areas of concern for investment program; draft and adopt policies addressing those areas of concern.

State Of The Art Technology

IT Security Audit (7) – Research options for conduct of an audit; possibly issue RFP for external partner to conduct audit; work with partner to complete audit; evaluate final report and recommendations for additional actions.

Client Approval Objective

Strategy

Develop Communication Strategy (11) – Identify and prioritize communications opportunities and concerns; outline proactive communications opportunities and document processes used to pursue; write comprehensive, detailed plan for reactive communications.

Outreach

Develop Plan at a glance document (6) – Less than 5 page document primarily designed for Trustees; Identify list of issues, questions and concerns Trustees are most likely to encounter; organize list and draft information and answers for questions.

Website FAQ (13) – Similar to ‘Plan at a glance’ document with primary audience being members, sponsors and public.

Research

DB Plan Comparison to other types of situations (13) – Compare a DB plan to other types of retirement plans, investments and other financial opportunities to help members and the public understand the plan.

Non-local Tax Employer Contributions (23) – Estimate the amount of employer contributions to the Association that are not supported by local taxes.

Sources of Retirement Benefits (13) – Estimate the proportion of retirement benefits that are supported by three inputs: employee contributions, employer contributions and investment returns.

Plan Closure Research (27) – Identify and research legal and fiscal obstacles to closing the DB plan; project the costs to plan sponsors of closing the DB plan;

POB One-pager (11) – Briefly document and explain the Pension Obligation Bonds (POB) issued by the County in 1997 and 2002 and how those impact the Association.

UAAL One-pager (5) – Briefly document and explain the Unfunded Actuarial Accrued Liability (UAAL) and the history of how it developed over time and the plan to eliminate it over the next 22 years.

Retiree Benefit to Economy Study (25) – Estimate the impact of Association retirees on the County economy.

Retiree Education Pieces (21) – Identify and write educational pieces targeted for retirees (topics could include: reverse mortgages, Medicare, investing during retirement, etc.)

AMCRE

Increased Partnership with AMCRE (22) – Explore opportunities to work more closely with the Association of Mendocino County Retired Employees (AMCRE)

Current Projects on Work Plan

2019 Legislation Requests (COLA clarification, Appointee Alternate Member) (10)

Update Member Handbook (13)

Joint meeting with Board of Supervisors (13)










Investment Consultant Research and RFP (7)

Investment Beliefs Statement (23)

ESG/Divestment Education (19)







Mendocino County Employees Retirement Association

2018 Board Work Plan










Accountability	Owner	Resources Required	Potential Barriers	Due Date	Status
OBJECTIVE: MCERA will maintain a 100% success rate in the delivery of monthly retirement benefits					
100% Success Rate on Benefit Payments	Board, Staff			Continuous	
Historical Benefit Review Project	Staff, Board			Q2:2018	 Underway
Disaster Recovery – Business Continuity Plan	Staff, Board	Staff Time		Q2:2018	 Underway
Risk Assessment	Staff, External Partner, Board	Budget, Staff Time		?	 Not yet started
STRATEGY: Board employs a policy-focused governance model and operates as a high performance team.					
Monitor Strategic Plan	Board			Quarterly	
Board Training	Callan, Staff, others			Quarterly	
Maintain Policy Review Schedule	Board, Staff			Quarterly	
2019 Legislation (COLA, Board Alternates)	Staff, Board	Staff Time, Legal	Legislative Process, SACRS support	Q3:2018 ?	 Not yet started
Organizational Review	Staff, Board			Q2:2018	 County-wide classification review

Mendocino County Employees Retirement Association

2018 Board Work Plan

Accountability	Owner	Resources Required	Potential Barriers	Due Date	Status
OBJECTIVE: MCERA will maintain a 95% client approval rate.					
Client feedback monitoring	Staff			Quarterly	 - Q4: 2017 - XX% Approval XX/XX response rate
Update Member Handbook	Staff	Staff Time	Clarity of policies and procedures	Q4:2018 Originally Q2:2017	
STRATEGY: We communicate frequently to educate clients and stakeholders about MCERA as well as our achievements and issues.					
BOR-BOS Meeting	Chair, Staff			2018?	 Not started
Client Presentations	Staff			Quarterly	
Community Presenter	Board, Staff		Opportunities	On-going - Need help from Trustees	
Conference Presenters	Board, Staff			2 Moderators at Spring 2017 SACRS	
PEPRA Impact Analysis	Actuary, Staff, Board	Budget, Staff Time		?	
UAAL 1-Pager	Staff	Staff Time		?	
Plan at a Glance Document	Staff, Board	Staff Time		?	
Develop Comm. Strategy	Staff, Board	Staff Time	Not sure why we start producing comm. pieces before we develop our strategy?		
POB 1-Pager	Staff	Staff Time		?	

Mendocino County Employees Retirement Association 2018 Board Work Plan

Accountability	Owner	Resources Required	Potential Barriers	Due Date	Status
OBJECTIVE: MCERA will maintain state of the art technology for pension administration.					
IT Security Audit	Board, Staff	Budget, Staff Time		Q4: 2018	 Not started
OBJECTIVE: MCERA will be 100% funded by 2040.					
Actuarial Audit	Board, Staff	Time, Budget		Q2:2018	 In Progress
Stress Testing Actuarial Studies	Board, Staff	Budget, Staff Time		Q4: 2018	 Not started
STRATEGY: We invest strategically by focusing on asset allocation.					
2018 Property Maintenance Plan	Staff, Executive Office			Q2:2018	 In Progress
ESG/Divestment Education	Investment Consultant, Staff			Q2:2018	 Not started
Investment Consultant Options	Staff, Board	Staff Time		Q2:2018	 Not started
Investment Consultant RFP	Board, Staff	Budget, Staff Time		Q4:2018	 Not started
Investment Program Review (New Policies)	Board, Staff, Investment Consultant			?	 Not started
Investment Beliefs Statement	Staff, Board			Q2:2018 2019	 Not started