



Date: November 6, 2019
To: Board of Retirement
From: James Wilbanks, Ph.D., Executive Director
Subject: Administrative Report

PSPS Update

The monthly retirement benefit processing was scheduled for the week of October 28, 2019. When we learned of the potential for a PSPS during that week, MCERA staff undertook several efforts to prepare.

First, the regular monthly retirement benefits were fully processed, with direct deposit instructions transmitted to the Bank and checks printed, earlier than usual, with both processes being completed on Saturday, October 26, 2019. Second, a sell order was submitted to the Custodian to raise \$800,000 in cash to maintain a positive cash balance after payment of benefits and administrative expenses, which was also completed on Saturday, October 26, 2019.

On October 28, 2019 MCERA staff activated our Business Continuity Plan (BCP) due to the PSPS and utilized telework or an alternate work site to publicly communicate the situation and to complete non-critical processes of a time-sensitive nature. Critical among these is the remission of tax withholding payments to the Internal Revenue Service (IRS). This is crucial as the IRS imposes penalties if the withholding payments are not remitted on time. Staff also finalized and emailed the monthly newsletter on Tuesday, October 29, 2019 in accordance with the regular schedule and monitored the office voice mail to address questions from Members.

Full power was restored to our building on the afternoon of Wednesday, October 30, 2019, the BCP was deactivated, and MCERA returned to normal operations at that point.

Benefit Payment Policy

Attached to this report is a new Staff policy that I plan to implement at MCERA regarding the payment of benefits. This policy was issued in accordance with the authority granted to the Executive Director under the Executive Director Charter, Section III.C.7. The policy provides clear guidance to staff and Members regarding the treatment and timing of benefit payments to members. We will post the new policy on the MCERA website and plan to communicate with all members about the policy.

Fiduciary Insurance Renewal, Waiver of Recourse Payments

It is time for the annual renewal of our fiduciary insurance. Please bring a check for \$9, made out to MCERA, to the November Board meeting. For the Waiver of Recourse payment.

2020 Board Meeting Calendar

Attached is a proposed draft of the 2020 Board Meeting dates. This will come before the Board for adoption in December.

Holiday Office Hours

As a reminder to the Board, the MCERA office will be closed to the public on Wednesday, November 27, 2019 as well as the County Thanksgiving Holidays of Thursday, November 28, 2019 and Friday, November 29, 2019. Additionally, MCERA will be closed on the County holiday on Monday, November 11, 2019 for the observance of Veterans Day.

BENEFIT PAYMENT POLICY

I. PURPOSE

The payment of benefits to members is the core purpose of the Mendocino County Employees Retirement Association (MCERA). The MCERA Strategic Plan recognizes this fact with the stated objective “MCERA will maintain a 100% success rate in the timely delivery of monthly retirement benefits.” The purpose of this Policy is to establish and document the guidelines and procedures regarding the payment of benefits to members.

II. POLICY OBJECTIVES

Payment via automated clearing house (ACH or direct deposit) is the most secure and certain means by which MCERA is able to ensure timely delivery of benefits to our members. Accordingly, all members are strongly encouraged to elect direct deposit for regular monthly benefit delivery.

III. POLICY GUIDELINES

MCERA pays regular monthly retirement benefits and lump sum benefits to members. All benefit payments are made monthly, in arrears, on the last banking day of the month. The following policy guidelines regarding the payment of benefits are hereby adopted.

A. REGULAR MONTHLY RETIREMENT BENEFIT PAID BY DIRECT DEPOSIT

For members retiring after November 6, 2019, benefit payments will only be made via automated clearing house (ACH or direct deposit) to the account designated by the member. Once a member has elected direct deposit, that member, regardless of their retirement date shall only have future benefits paid by direct deposit. The Executive Director may allow exceptions to the direct deposit requirement in extenuating circumstances.

MCERA will pay regular monthly retirement benefits by direct deposit on the last banking day of the month. MCERA has a Business Continuity Plan (BCP) with back-up capabilities to ensure the

payment of regular monthly retirement benefit paid by direct deposit occurs on the scheduled payment date.

B. REGULAR MONTHLY RETIREMENT BENEFIT PAID BY CHECK

For members who retired prior to November 6, 2019 and have not previously elected to receive benefits by direct deposit, MCERA will process regular monthly retirement benefits by check. These checks will be mailed to the member at the address provided to MCERA by the member.

It is the position of the Board that the processing of regular monthly retirement benefits paid by check is not a critical operation in the event of a disruption to MCERA operations, and the activation of the BCP. In accordance with this position, MCERA will not process regular monthly retirement benefits paid by check during a disruption to MCERA operations requiring the activation of the BCP. MCERA will process regular monthly retirement benefits paid by check after the conclusion of the disruption to MCERA operations and the de-activation of the BCP. The Executive Director may, at his or her sole discretion, approve the processing of regular monthly retirement benefits paid by check during a disruption to MCERA operations, and the activation of the BCP.

If MCERA receives advance notice of a disruption, staff may attempt to complete the processing of regular monthly retirement benefits paid by check in advance of the disruption. If advance processing of regular monthly retirement benefits paid by check is completed, those checks will be mailed to members in accordance with this policy. The processing of regular monthly retirement benefits paid by direct deposit shall always take precedence over the processing of regular monthly retirement benefits paid by check.

Regular monthly retirement benefit checks will be delivered by mail only, members may not pick up a check. Regular monthly retirement benefit checks will be mailed on or after the last banking day of the month. If either the MCERA Office or County Offices are closed, for any reason, on the last banking day of the month, checks will be mailed on the next business day on which both MCERA and County Offices are open.

C. LUMP SUM BENEFIT PAYMENTS

Lump sum benefit payments to members are paid by paper check and will be processed in a manner similar to the regular monthly retirement benefit checks paid by check described above.

D. LOST CHECKS

If a member notifies MCERA that a regular retirement benefit check or a lump sum benefit check has been lost, MCERA will send the member the Lost Check Affidavit form. When the member returns the Lost Check Affidavit, MCERA staff will initiate the process to issue a replacement payment. If the member elects to receive the replacement benefit by direct deposit, the replacement benefit will be issued the business day following the receipt of the completed Lost Check Affidavit form. If the member elects to receive the replacement benefit by check, a replacement check will be issued no sooner than 5 business days after receipt of the Lost Check Affidavit form. A replacement check will be treated in a manner similar to the regular monthly retirement benefit checks paid by check described above.

IV. POLICY REVIEW

This Policy is subject to change in the exercise of the judgment of MCERA management. The Executive Director may review and amend this policy at any time in accordance with the Executive Director Charter, Section II.C.7.

V. POLICY HISTORY

This policy was implemented by the MCERA Executive Director on November 6, 2019.



MENDOCINO COUNTY EMPLOYEES RETIREMENT ASSOCIATION

2020 Meeting Calendar

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 Board Meeting
 County Holiday

 Conferences:
 1/27-29/2020 Callan National Confer
 3/7-10/2020 CALAPRS General Ass
 3/30-4/1/2020 CALAPRS Advanced
 5/12-15/2020 SACRS Spring Confer
 8/25-28/2020 CALAPRS Pension G
 11/10-13/2020 SACRS Fall Conferen