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March 5, 2020

Dr. James R. Wilbanks  
Retirement Administrator  
Mendocino County Employees' Retirement Association  
625-B Kings Court  
Ukiah, CA 95482-5027

**Re: Actuarial Fee Proposal for a 3-Year Contract Renewal**

Dear James:

We are very pleased to provide the Association our proposed fee schedule for a 3-year contract renewal by the Board of Retirement.

**ANNUAL ACTUARIAL VALUATION FOR FUNDING**

Our fee for the last valuations as of June 30, 2017, 2018 and 2019 were \$62,000, \$64,000 and \$66,000, respectively. Our proposed fees for the next three valuations are as follows:

June 30, 2020 Valuation	\$68,000
June 30, 2021 Valuation	\$70,000
June 30, 2022 Valuation	\$72,000

**TRIENNIAL EXPERIENCE STUDY**

Our fee for the triennial experience study (which is currently in progress) recommending assumptions for use in the June 30, 2020 valuation was \$40,000. Our proposed fee for the June 30, 2023 triennial experience study (which will be performed in 2022/2023 upon the completion of the June 30, 2022 valuation) is \$42,000.

## **GASB STATEMENTS 67 AND 68**

Our fees for preparing the GASB 67 reports as of June 30, 2017, 2018, and 2019 were \$7,000 each year. Our proposed fees for the next three valuations are as follows:

<b>MEASUREMENT DATE</b>	<b>GASB 67</b>
June 30, 2020 Valuation	\$7,500
June 30, 2021 Valuation	\$8,000
June 30, 2022 Valuation	\$8,500

Our fees for preparing the GASB 68 reports as of June 30, 2017, 2018, and 2019 have been billed on an hourly rate basis with a not-to-exceed of \$17,500 each year. The June 30, 2020 report is currently in progress. Our actual costs for completing the 2019 was slightly above the not-to-exceed fee of \$17,500. Our actual costs for completing the GASB 68 report in the previous year was substantially higher. For this reason, our proposed fees for the next three valuations are as follows:

<b>MEASUREMENT DATE</b>	<b>GASB 68</b>
June 30, 2020 Valuation	\$18,250
June 30, 2021 Valuation	\$19,000
June 30, 2022 Valuation	\$19,750

## **QUARTERLY RETAINER**

Our current retainer is \$6,000 per year (billed at \$1,500 per quarter) since the inception of the contract from 2011/2012. Our proposed retainer for each of the next three years is \$6,000.

## HOURLY RATES

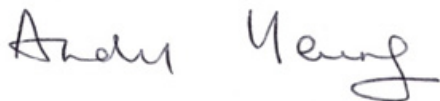
Our current hourly rates for 2019/2020 and our proposed hourly rates are as follows:

	<b>Current Year 2019/2020</b>	<b>2020/2021</b>	<b>2021/2022</b>	<b>2022/2023</b>
Principal Actuary (Angelo)	\$530	\$540	\$550	\$560
Principal Actuary (Yeung)	\$490	\$500	\$510	\$520
Reviewing Actuary	\$510	\$520	\$530	\$540
Primary Support Actuary and Senior Actuarial Analysts	\$345-\$480	\$355-\$490	\$365-\$500	\$375-\$510
Actuarial Analyst	\$230-\$340	\$240-\$350	\$250-\$360	\$260-\$370
Compliance Consultant	\$490	\$500	\$510	\$520
Clerical	No Charge	No Charge	No Charge	No Charge

The above hourly rates will apply to other projects that may be requested by MCERA.

We look forward to working with you and the Board of Retirement for the next 3 years.

Sincerely,



Andy Yeung, ASA, MAAA, FCA, EA  
Vice President & Actuary



Paul Angelo, FSA, MAAA, FCA, EA  
Senior Vice President and Actuary

AYY/jl