

James Wilbanks, Ph.D.
Retirement Administrator



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MENDOCINO COUNTY
EMPLOYEES' RETIREMENT ASSOCIATION
625-B KINGS COURT
UKIAH, CALIFORNIA 95482-5027

Date: February 15, 2017
To: Board of Retirement
From: James Wilbanks, Retirement Administrator
Subject: FY-2017 Budget Amendment

Attached you will find a schedule that compares the revised FY-2017 Budget with a proposed revised FY-2017 budget. The budget revision incorporates a change in the fees for Actuary Services. As you will recall, the Board decided at the December 14, 2016 meeting to conduct the Triennial Experience Study prior to June 30, 2017. The current contract for actuarial services does not anticipate such timing of the experience study. The attached memo from Segal Consulting outlines the expected costs and proposed changes to MCERA to conduct the experience study.

I recommend the Board adopt the revised budget as presented.

Mendocino County Employees Retirement Association
Fiscal Year 2016/2017
Adopted Budget As Revised - Oct. 2016 Vs Proposed Budget - Feb. 2017

	FY 2016/2017		FY 2016/2017		Difference	
	Adopted Budget As Revised - Oct		Proposed Budget - Feb		\$	%
Personnel (BU 1920)						
Gross Salaries	\$ 343,514		\$ 343,514		\$ -	0.00%
Extra Help	-		-		-	0.00%
Retirement	95,990		95,990		-	0.00%
FICA	19,447		19,447		-	0.00%
Medicare	4,635		4,635		-	0.00%
Retirement Cola	34,315		34,315		-	0.00%
Health Insurance	66,586		66,586		-	0.00%
Unemployment Insurance	650		650		-	0.00%
Workers Comp	1,700		1,700		-	0.00%
Subtotal	\$ 566,837		\$ 566,837		\$ -	0.00%
Administrative						
Office Expense	\$ 41,644		\$ 41,644		\$ -	0.00%
Legal Expense	92,500		92,500		-	0.00%
Audit	44,500		44,500		-	0.00%
Contracts	900		900		-	0.00%
Staff Education and Training	20,000		20,000		-	0.00%
Community Access ¹	-		-		-	0.00%
General Insurance ¹	-		-		-	0.00%
Membership	5,250		5,250		-	0.00%
Travel In-County ¹	-		-		-	0.00%
Subtotal	\$ 204,794		\$ 204,794		\$ -	0.00%
Board Expense						
Fiduciary Insurance	\$ 42,000		\$ 42,000		\$ -	0.00%
Board Meeting Stipends	7,700		7,700		-	0.00%
Board Education and Training	29,040		29,040		-	0.00%
Subtotal	\$ 78,740		\$ 78,740		\$ -	0.00%
Total Personnel, Administrative & Board Expense						
	\$ 850,371		\$ 850,371		\$ -	0.00%
Disability						
Administrative Review	\$ 19,480		\$ 19,480		\$ -	0.00%
Hearing Preparation	35,000		35,000		-	0.00%
Hearings	20,000		20,000		-	0.00%
Subtotal	\$ 74,480		\$ 74,480		\$ -	0.00%
625-B Kings Court						
Imputed Rent	\$ 52,800		\$ 52,800		\$ -	0.00%
Subtotal	\$ 52,800		\$ 52,800		\$ -	0.00%
Total Administrative Expense	\$ 977,651		\$ 977,651		\$ -	0.00%

Mendocino County Employees Retirement Association
Fiscal Year 2016/2017
Adopted Budget As Revised - Oct. 2016 Vs Proposed Budget - Feb. 2017

Technology					
Automation					0.00%
LRS - PAS Project	\$	141,579	\$	141,579	\$ - 0.00%
Linea Solutions Consultant		57,420		57,420	- 0.00%
PAS Project Related Expenses		10,000		10,000	- 0.00%
EDMS Project		115,000		115,000	- 0.00%
Subtotal	\$	323,999	\$	323,999	\$ - 0.00%
Investment					
New Manager/Alliance Bernstein Fees ²	\$	295,000	\$	295,000	\$ - 0.00%
Mondrian Fees		190,000		190,000	- 0.00%
Investment Consultant-Callan		163,800		163,800	- 0.00%
Actuary Services-Segal		87,000		125,000	38,000 43.68%
State Street		48,500		48,500	- 0.00%
Other Investment Expense		1,000		1,000	- 0.00%
Subtotal	\$	785,300	\$	823,300	\$ 38,000 4.84%
Building Maintenance Plan	\$	142,000	\$	142,000	\$ - 0.00%
Total MCERA	\$	2,228,950	\$	2,266,950	\$ 38,000 1.70%
Total Administrative Expenses	\$	977,651	\$	977,651	\$ - 0.00%
(Total ex Technology, Investment & Building Maintenance Plan)					
CERL Administrative Cap	\$	2,000,000	\$	2,000,000	
(Over)/Under Cap	\$	1,022,349	\$	1,022,349	
MCERA Policy Cap	\$	1,281,802	\$	1,281,802	
Balance	\$	304,151	\$	304,151	
Basis Points Test		0.21%			
AAL	\$	610,381,849			
Date		6/30/2015			

¹ Moved to Office Expense in FY '17

² AB converted to a Mutual Fund in FY '16 and a new manager may be added depending on the outcome of the FY '16 Asset/Liability Study.



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VIA E-MAIL AND USPS

January 23, 2017

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

Re: Fee Proposal for Actuarial Experience Study as of June 30, 2017

Dear James:

We are very pleased to provide the Association our proposed fee for an actuarial experience study as of June 30, 2017 that would be delivered on an accelerated timeline in April of 2017 (instead of in the last quarter of 2017) as approved by the Board of Retirement.

The last experience study we conducted was as of June 30, 2014. As part of our last fee proposal dated February 6, 2014 for our three-year contract renewal period from July 1, 2014 to June 30, 2017, we included the proposed fees for only one experience study as of June 30, 2014.

Our proposed fee for the June 30, 2014 experience study was \$35,000. Our actual time accruals associated with preparing the experience study was \$53,100. Based on those actual charges, we would propose a fee of \$38,000 to complete the June 30, 2017 experience study.

We value the opportunity to provide this service to the Board. Please do not hesitate to give us a call if you have any comments or questions on this proposal.

Sincerely yours,

A handwritten signature in blue ink, appearing to read "Paul Angelo".

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

A handwritten signature in blue ink, appearing to read "Andy Yeung".

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

AYY/jl

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