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MENDOCINO COUNTY
EMPLOYEES' RETIREMENT ASSOCIATION
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UKIAH, CALIFORNIA 95482-5027

Date: September 17, 2014
To: Board of Retirement
From: Jim Andersen, Interim Retirement Administrator *JA*
Subject: Discussion and Possible Action Regarding the Report of the Blue Ribbon Panel
on Public Pension Plan Funding

Introduction

At its August 20, 2014 meeting, the Board discussed elements of the Report of the Blue Ribbon Panel on Public Pension Funding. The Board directed trustees to submit any discussions and/or recommendations from the report to staff. Staff was then to prepare a list of submitted items for the full Board to consider forwarding to The Segal Company (Segal) in advance of its triennial experience study in October. In addition, staff was asked to research Segal's position on the work of the panel, and any reports prepared by the California Actuarial Advisory Panel (CAAP). A formal letter from Segal and the CAAP's most recent report were sent to Board members electronically, and are included in your packages for your September meeting.

Discussion

One trustee submitted recommended questions to Segal for the Board's discussion and action. Those questions are:

1. Should our funding goal always be 100%? Should any item we adopt be calculated for a 50% chance of meeting this funding level?
2. With our discount rate, should we use forward looking instead of historical rates of return? Should it be a risk free rate with the risk premiums added for our asset allocation structure?

Motion/Action

Approve (or not approve) submitting questions to Segal to address as part of the triennial experience study.

JA



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July 3, 2013

Ms. Tonya Manning
President of the Society of Actuaries
670 Kingsbury Circle
Winston-Salem, NC 27106

Dear Ms. Manning:

The derivation of actuarially determined contributions for employers tasked with the charge of meeting the promise of pension benefits in the public and private sectors is at the core of pension actuarial practice. The Society of Actuaries (SOA) recent establishment of a Blue Ribbon panel "to make recommendations as to how governments can more securely fund plans going forward" seeks to address this important issue, but is a misplaced effort. Developing guidance on the setting of actuarial funding policy is not within the purview of the SOA, but rather that of the American Academy of Actuaries. The SOA intrusion into the policy development arena runs the risk of being distracting and counterproductive, especially in an already crowded field of interests who want to tell governments how to value their pension liabilities.

It is of particular concern that the membership of the panel lacks balance in both its funding policy views and public sector pension actuarial expertise. The majority of the panel members has consistently written and/or spoken, often based on flawed assessments, on the funded status of public plans. The solution suggested by many of the panelists to remedy funding deficits is to inject private-sector, market-driven accounting and valuation rules, albeit inappropriately, into public sector plan actuarial practices. In addition, had the SOA truly wanted an open and comprehensive review, it would not have designed a survey wrought with bias, which leads respondents to believe that funding practices in the public sector are already known to be inferior. Moreover, the distribution of the survey was only partially directed by the SOA, leaving to chance the diversity of the views expressed.

As a company that works with hundreds of public pension plans across the country, we are appalled at how this process has been compromised, and we are convinced it has been designed to reach very specific and preconceived conclusions. It is unfortunate at best, and dangerous at worst, that the SOA took this route when a more thoughtful, inclusive, disciplined process would

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have better served the public sector pension systems, public plan participants and the SOA membership to develop meaningful recommendations.

Our only interest is to work with our clients, the public pension industry and relevant parties to have a balanced approach to funding policy. Should you or the panel wish to discuss our concerns, we would be happy to engage in a conversation.

Sincerely yours,

Cathie G. Eitelberg

Cathie G. Eitelberg
Senior Vice President/ National Public Sector Market Director

CC: Members of the Blue Ribbon Panel

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To: Members of the Board of Retirement
Mendocino County Employees' Retirement Association (MCERA)

cc: Jim Andersen, Interim Retirement Administrator
Jeff Berk, General Counsel

From: Ashley K. Dunning *AKD*

Date: September 17, 2014 File No.: 45436.032

Subject: Analysis of Beneficiaries' COLA Questions

The MCERA Board asked for our advice and recommendations regarding MCERA's current practice of paying surviving spouses 60% of the unmodified benefit that the member received upon retirement, plus 100% of the total cost-of-living adjustment(s) ("COLA") subsequently added to it as of the member's death ("100% COLA Approach").

Summary of Advice and Recommendations

Notwithstanding MCERA's longstanding interpretation of the County Employees Retirement Law of 1937 (Gov. Code secs. 31450,¹ et seq.; "CERL" or "1937 Act") to permit the 100% COLA Approach, we believe a better interpretation of CERL is to pay surviving spouses 60% of the total allowance (unmodified benefit plus the COLA) that the deceased member received from MCERA just before his or her death ("60% COLA Approach"), when calculating the unmodified benefit provided to surviving spouses. However, given our conclusion, as discussed below, that the 100% COLA Approach did not result from a *clerical* error, but rather was based upon MCERA's explicit interpretation of the applicable statutes that was considered, approved, and recommended for continuation by its own actuary in 1996 and by executive staff who had broad authority to administer the retirement system at the time, and given the absence of any judicial or other precedent *requiring* the 60% COLA Approach, our recommended course of action at this time is for MCERA to change its practice on this topic and adopt the 60% COLA Approach on a going-forward basis for current active members, but not to change the benefits paid on behalf of members who already have died, retired or filed an application to retire under which they timely retire. Such prospective change should be applied to the calculation of all survivor benefits for future survivors of those who have not yet, as of the effective date of the Board's action on this topic, filed an application for retirement with MCERA under which they retire. The enclosed draft Resolution reflects this recommended action.

¹ All statutory references hereinafter are to the California Government Code unless otherwise stated.

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Brief Background

By Ordinance No. 747 A, which the Mendocino County (“County”) Board of Supervisors adopted on February 23, 1971, the Mendocino County Code was amended to grant a COLA benefit under CERL. Such Ordinance stated that the benefit would be provided under “Article 16.5 of the [CERL], including Section 31870.1 of the Government Code, which authorizes a maximum annual increase or decrease of cost of living allowance of 3 per cent [sic].” The County made no statement in its Ordinance regarding how the COLA should apply to surviving spouse benefits, except that payments were to be provided as authorized by CERL.

By letter dated August 29, 1975 (“1975 Letter”), MCERA² received information from its then consulting actuary, Coates, Herfurth & England (“Coates”), regarding the “treatment of the Cost-of-Living continuance to the spouse in the event of the member’s death.” The attachment to the 1975 Letter explained that continuances of an “unmodified allowance” are based on “60% of the member’s total monthly allowance at death (basic plus cost of living) is continued to the spouse.” (Emphasis in original.) Thus, as of shortly after the adoption of the COLA benefit, MCERA, in consultation with its then actuary, appears to have been calculating unmodified survivors’ benefits based upon 60% of the “total monthly allowance” to which the member was entitled at death, which resulted in providing 60% of both the basic allowance and the COLA to the survivor; that is, MCERA appears to have been using the 60% COLA Approach. By letter to MCERA dated March 29, 1977³ (“1977 Letter”), Coates addressed a different COLA-related question and provided a copy of the 1975 Letter as an attachment. Thus, until at least 1977, MCERA appears to have been aware of, and was apparently using, the 60% COLA Approach for survivor benefits.

We have received no additional documentation from MCERA with respect to the administrative history of this topic from 1977 through the mid-1990s, other than a staff member’s conclusion upon reviewing member files that it appears the change from the 60% COLA Approach to the 100% COLA Approach occurred in 1991. Staff also noted that former County Treasurer Lange, who received the 1977 Letter, retired in January 1991, which potentially may have played a role in the change in practice or policy that apparently occurred sometime during the early 1990s. We have not been presented with any formal action by the Retirement Board to implement that change from the 60% to the 100% COLA Approach.

² The 1975 Letter is addressed to the then County Treasurer, Sam Ray, Jr. At that time, county treasurers were not only ex officio members of county retirement boards as they are currently under CERL, but they also typically ran the retirement system in the role of Retirement Administrator. MCERA’s practice appears to have been no different in this regard. Thus, we believe it is appropriate to impute knowledge of both the 1975 and 1977 Letters to the Board and MCERA staff at the time.

³ The 1977 Letter was addressed to the then new County Treasurer, Irene Lange.

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MCERA staff has located a document in the Mendocino County Counsel Opinions Book titled "Note to file" dated June 4, 1996 ("1996 Note"), initialed by Sue Thornhill, Retirement Deputy at the time,⁴ that describes MCERA's explicit understanding by at least 1996 that it was using the 100% COLA Approach and explaining, in brief, its rationale for doing so. A copy of the 1996 Note is attached for the Board's reference here at Tab 1. Key points from the 1996 Note are that MCERA's then actuary, Krystyna H. Upstill, Principal and Consulting Actuary for Buck Consultants, reportedly advised MCERA that there had been "confusion among retirement systems" on the question of whether to use the 100% COLA Approach or the 60% COLA Approach. Ms. Upstill reportedly explained that this confusion arose because the COLA provisions in the CERL "went into effect after the basic retirement laws regulating the continuance of benefits to beneficiaries and have never been cross-referenced." Ms. Upstill further reportedly "recommended that neither practice is better than the other and actuarially speaking neither practice results in significant differences in the overall well being of the retirement system." Ms. Upstill therefore "recommended that [MCERA] remain consistent in [its] handling of this matter and continue to calculate the continuation of Cost of Living Benefits as [it has] done in the past." That past practice was described in the 1996 Note as "Multiply the basic benefit being received by the retiree by 60% and add the full amount of cost of living increases received over the retirees [sic] life to this amount" (the 100% COLA Approach). The alternate approach was described in the 1996 Note as "Multiply the total benefit being received by the retiree (including Cost of Living increases) by 60%" (the 60% COLA Approach). We understand from staff that the Retirement Deputy at the time was delegated broad authority to administer the retirement system, interpret the applicable statutes as needed, and to work with the system's retained consultants, as was and remains common practice within many smaller retirement systems with a staff of 1-3 employees, such as MCERA. We also infer from the inclusion of the 1996 Note in the County Counsel Opinions Book that neither the Treasurer/Retirement Administrator nor County Counsel at the time expressly objected to the 100% COLA Approach.

Further, we have been provided with, and attach here at Tab 2, a sample letter from MCERA to the survivor of an MCERA member dated May 24, 2005, explaining the 100% COLA Approach as it applies to her.

Finally, we understand from MCERA staff that retirees are typically advised about the 100% COLA Approach when determining the survivor option to elect at retirement, and by law such elections are irrevocable upon the first payment of the retirement allowance. (Section 31760.)

⁴ According to staff, as Retirement Deputy, Ms. Thornhill worked under the Treasurer/Tax Collector/Retirement Administrator, Tim Knudsen, who assumed that position when Irene Lange retired.

Summary of Legal Analysis

Authority to Pay COLAs to Beneficiaries Under CERL

The applicable CERL provision regarding the calculation of “unmodified” survivor benefits by MCERA, as are discussed herein, is Section 31760.1, which states, in pertinent part:

Upon the death of any member after retirement for service or non-service-connected disability . . . 60 percent of his or her retirement allowance, if not modified in accordance with one of the optional settlements specified in this article, shall be continued throughout life to his or her surviving spouse. . . .

(Emphasis added.)

The applicable CERL provision regarding the calculation of COLAs by MCERA is Section 31870.1, which states, in applicable part, that:

[E]very retirement allowance, optional death allowance, or annual death allowance payable to or on account of any member, of this system or superseded system who retires or dies or who has retired or died shall, as of April 1 of each year, be increased or decreased by a percentage of the total allowance then being received found by the board to approximate the nearest one-half of 1 percent, the percentage of annual increase or decrease in the cost of living as of January 1st of each year [based on the CPI for All Urban Consumers in Mendocino County], but such change shall not exceed 3 percent per year

(Emphasis added.)

We have found no California cases or attorney general opinions interpreting COLA provisions as applied to surviving spouses, including, without limitation, Section 31870.1, that address whether COLAs paid to survivors are to be calculated based on a *reduced* total allowance that is paid on account of a member to the survivor, or whether the COLA may be calculated based upon the *full* (unmodified) retirement allowance amount that was paid to the member before he or she died, even though the basic survivor’s allowance is reduced to 60% of the member’s monthly retirement allowance just before his or her death.

That said, we believe that a close reading of the above-quoted requirement in Section 31870.1 that the COLA be provided with respect not only to retirement allowances, but also to

“death” allowances, supports the conclusion that, contrary to Ms. Upstill’s statement, the CERL COLA statute does in fact “cross-reference” the survivor benefit statutes, as it is those statutes that provide for the referenced “death” allowances. In addition, we believe that a close reading of the requirement in Section 31870.1 that the COLA be provided based on a percentage of “the total allowance then being received” either by a member or “on account of any member” also reflects a legislative understanding that COLAs paid to survivors (which are thus paid “on account of any member”) are to be calculated based upon the “death” allowance that is paid to the *survivor*, not the full “retirement” allowance that was paid to the member. Moreover, we believe that the reference to the allowance “then being received” better supports the interpretation that the COLA is not a stand-alone benefit, but is an annual change to the underlying retirement allowance itself and is incorporated within it annually, not paid separately from it. Thus, we also interpret the language in Section 31760.1 defining the continuance as 60 percent of the member’s “retirement allowance” at the time of death as adequately cross-referencing all past COLA adjustments to it once the COLA adjustment provisions had been adopted, rather than as a separate reference to only the underlying retirement allowance as unaffected by the subsequent statutory COLA adjustments, as was concluded by MCERA’s past interpretation.

In sum, we believe that Section 31870.1 is best interpreted as applying to whatever allowance, whether it is a retirement (service or disability) or a death (i.e., survivor’s) allowance, that a retiree or beneficiary is entitled to receive and the COLA should be calculated based upon that recipient’s allowance that is “then being paid” to him or her. Accordingly, when a beneficiary is entitled by CERL to receive a survivor’s allowance that is 60% of the retired member’s retirement allowance, the “total allowance” paid to the survivor, on which the COLA is based, is the death allowance that reflects 60% of the retirement allowance, including all prior COLA adjustments that already have been built into it over the years and are accordingly included within the 60% reduction of the retirement allowance itself, not separately awarded on top of it. Stated differently, we believe the 60% COLA Approach is more consistent with the plain language of Section 31870.1 as it applies to benefits paid under Section 31760.1 than the 100% COLA Approach is.

We recognize, however, that, as reported in the attached and above-quoted 1996 Note, MCERA’s actuary in 1996 specifically reviewed this topic and advised MCERA on it. Further, MCERA’s actuary appears to have *recommended*, for the reasons stated in the 1996 Note, that MCERA continue its 100% COLA Approach.⁵ And there is no evidence that MCERA’s counsel at the time, the Office of Mendocino County Counsel, or MCERA’s executive staff, including

⁵ The 1996 Note appears to be an official record of MCERA, drafted contemporaneously with the advice that MCERA reportedly received. Further, staff reports no reason to doubt the credibility of Ms. Thornhill’s statement. Accordingly, we afford substantial weight to the veracity of the reporting in the 1996 Note.

the County Treasurer/Retirement Administrator, objected to the 100% COLA Approach. Further, we understand that because “retirement allowance,” which is the basis for providing a 60% surviving spouse continuance, is defined in CERL section 31473 as meaning a “pension” plus “annuity,” an argument could be made that the only part of a survivor allowance that must be reduced to 60% of the member’s allowance is the “pension plus annuity,” and not the COLA. Finally, we also understand that COLAs are funded based on a different calculation methodology than statutory retirement allowances, without a COLA (for non-PEPRA members).⁶ These facts make clear that the legal issue presented here is not the correction of an unintended *clerical* error made by MCERA. Rather, we are considering whether MCERA properly has interpreted and applied the CERL, and if not, or if the Board concludes there is a *better* interpretation of the CERL, how to implement that conclusion in a fiduciarily appropriate manner.

For all of the foregoing reasons, we believe it was not per se unreasonable to have interpreted the statutory provisions to treat the COLA separately when considering the survivor benefits as reflected in the 100% COLA Approach; however, we believe the 60% COLA Approach reflects a better interpretation of applicable law.

⁶ Three interrelated funding points should be noted here. First, typically only the normal cost of the COLA is split between the employer and employee 50/50. Section 31873; *Assoc. of Blue Collar Workers v. Wills* (1986) 187 Cal. App. 3d 780. Any unfunded liability, as usual, would be paid by the employer. *Wills, supra*, 187 Cal. App. 3d 780. Accordingly, a change in policy on this benefit should not increase the COLA rates of active members. Rather, if the current actuary had been taking the 100% COLA Approach into account in recommending COLA rates, then presumably the COLA rates would go down a bit prospectively. However, staff reports that the current actuary was unaware of this practice and thus presumably has not taken this practice into account when recommending COLA rates over the past 3-5 years. Accordingly, there should be no change in employee or employer normal cost rates as a result of a prospective change, and active employees would not have a claim to continuation of the past practice on the grounds that they had been paying higher contributions to support it. Second, it is our understanding that basic benefit rates charged to classic/legacy (non-PEPRA) members under the CERL do not, by law, include a cost for the survivor benefit, and therefore that the employer pays that cost as required by statute. For example, non-PEPRA safety members’ rates are set based upon a formula determined under section 31639.25 that “will provide an average annuity at age 50 equal to one one-hundredth of the final compensation of safety members, according to the tables adopted by the board of supervisors, for each year of service rendered after entering the system.” Accordingly, while one might assume that the COLA normal cost split between the employer and employee would anticipate the survivor costs, whether and how that actuarial calculation would be made, and its materiality if any, is beyond the scope of our review at this time. Further, any forensic actuarial analysis to determine precisely how the contributions were determined in the past as shown in Buck Consultants’ (or currently Segal Company’s) valuations would be beyond our area of expertise in any event. Third, staff has run calculations to determine the annual impact of the 100% COLA Approach on the fund and has concluded that the impact was 0.62% in the July 2014 retiree payroll, thus less than 1.0% of retiree pension payments. This conclusion appears to support Ms. Upstill’s statement as reported in the 1996 Note that the actuarial impact of the 100% COLA Approach, as compared to the 60% COLA Approach, would be immaterial to the “overall well being of the retirement system.”

Fiduciary and Other Legal Duties of the MCERA Board

Under the California Constitution, MCERA's Board has "plenary authority and fiduciary responsibility for investment of money and administration of the system" and the "sole and exclusive fiduciary responsibility over the assets" of the system. (Art. XVI, sec. 17.) The assets of a public pension or retirement system are trust funds that must be administered "for the exclusive purposes of providing benefits to participants and their beneficiaries, minimizing employer contributions thereto, and defraying reasonable expenses of administering the system." (Cal. Const., art. XVI, sec. 17, subdiv. (a).)

Courts consistently have upheld the principle that a retirement board's duty is to pay only those benefits to which the members are entitled under the law. (See, e.g., *McIntyre v. Santa Barbara County Employees' Retirement System* (2001) 91 Cal. App. 4th 730, 734 (Retirement board is "required to administer the retirement system in a manner to best provide benefits to the participants of the plan. It cannot fulfill this mandate unless it investigates applications and pays benefits only to those members who are eligible for them."); *Medina v. Board of Retirement* (2003) 112 Cal.App.4th 864, 871 ("The contract clause does not protect expectations that are based upon contracts that are invalid, illegal, unenforceable, or which arise without the giving of consideration.")) Further, the Board's fiduciary obligations of loyalty and care to members and beneficiaries also require that it "deal impartially with them" such that the overall best interest of all members and beneficiaries is to be considered when determining compliance with the primary duty rule. Rest. (Second) of Trusts § 183 (1957). In addition, under certain circumstances, statutory provisions specifically provide how a benefit is to be funded, and retirement systems do not have the authority to fund them otherwise. See, e.g., *City of San Diego v. San Diego City Employees' Retirement System* (2010) 186 Cal. App. 4th 69, 78 ("It is not within SDCERS's authority to expand pension benefits beyond those afforded by the authorizing legislation"); see also *Weber v. Board of Retirement* (1998) 62 Cal.App.4th 1440, 1452 (concluding that LACERA does not have the statutory power to award prejudgment interest).

On the other hand, the state supreme court has held that "[a]ny ambiguity or uncertainty in the meaning of pension legislation must be resolved in favor of the pensioner . . ." *Ventura County Deputy Sheriffs' Assn. v. Board of Retirement* (1997) 16 Cal.4th 483, 490. In addition, the fact that one interpretation provides a more valuable benefit to a member than another, and thus may cost more over time, is not a basis, in and of itself, to not provide that benefit. See generally *Abbott v. City of Los Angeles* (1958) 50 Cal. 2d 438, 455 ("Rising costs alone will not excuse the city from meeting its contractual obligations, the consideration for which has already been received by it"). The rule of liberal construction should not, however, be "blindly followed so as to eradicate the clear language and purpose of the statute and allow eligibility for those for whom it was obviously not intended." *Barrett v. Stanislaus County Employees' Retirement Assn.* (1987) 189 Cal. App. 3d 1593, 1608-1609.

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Of relevance here is the additional principle that a public retirement board and its executive staff have a fiduciary obligation “to fully inform its members of their options in obtaining retirement benefits.” *Hittle v. Santa Barbara County Employees Retirement Association* (1985) 39 Cal. 3d 374, 391-392. And, where a member of a retirement system takes action in reliance upon inadequate or inaccurate information, the member may acquire, under the doctrine of estoppel, a vested right to revoke an otherwise binding election or even to receive a benefit that the member expected to receive as a result of being given such information so long as the benefit is statutorily authorized. See *Crumpler v. Board of Administration* (1973) 32 Cal. App. 3d 567, 582. In *Crumpler*, the plaintiff animal control officers had been erroneously classified as safety members for several years of their employment, rather than as general members. As the court in *Crumpler* held:

All of the requisite elements of equitable estoppel are present insofar as the city is concerned. The city was apprised of the facts. The city knew that petitioners were being employed by the police department as animal control officers at the time it erroneously advised them they would be entitled to retirement benefits as local safety members. . . . The city manifestly intended its erroneous representations to be acted upon and petitioners had a right to believe the city so intended. Petitioners were ignorant of the fact that the city’s advice was erroneous. Petitioners relied upon the representations to their injury by relinquishing other employment to accept city employment and by paying over the years the greater contributions required of safety members.

Id. citing *Driscoll v. City of Los Angeles* (1967) 67 Cal. 2d 297, 307-308 (“In a matter as important to the welfare of a public employee as his pension rights, the employing public agency bears a more stringent duty to desist from giving misleading advice.”). In *Crumpler*, under the applicable statutes, the PERS Board of Administration had the authority to classify the plaintiffs as safety members had it chosen to exercise its discretion to do so. The court in *Crumpler* thus held that the members could be reclassified by the PERS Board only prospectively, but that they were entitled to keep the benefits of safety membership earned up until the time that the retirement board discovered the safety classification and reclassified them. *Id.* at 582.

Retirement Board Discretion to Interpret and Apply Retirement Statutes

Courts typically afford deference to interpretations of statutes the administrative agencies are authorized by law to administer. *Diablo Valley College Faculty Senate v. Contra Costa Community College District* (2007) 148 Cal. App. 4th 1023, 1034-36 (courts generally defer to an administrative agency “charged with the law’s administration and enforcement” and that the

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agency has the “likely correct” interpretation when it has considered the issue carefully and maintained the same interpretation for a long period of time). In addition, numerous cases support the conclusion that courts will defer to administrative agencies’ interpretation of applicable statutes if they are reasonable, even as those interpretations may change with time. *Henning v. Industrial Welfare Com.* (1988) 46 Cal. 3d 1262, 1269 (“an administrative agency may change its interpretation of a statute, rejecting an old construction and adopting a new”). Further, “[e]ven when an agency adopts a new interpretation of a statute and rejects an old, a court must continue to apply a deferential standard of review.” *Id.* at p. 1270; *see generally O’Connor v. State Teachers’ Retirement System* (1996) 43 Cal.App.4th 1610, 1623 (“[T]his result corresponds to the interpretation of the complex statutory scheme by the STRS Board charged with implementing the statute, to which we give great weight.”).

Where a benefit is paid because of a prior *interpretation* of the applicable statute by the administrative agency on which members reasonably relied when making irrevocable decisions with respect to retirement, we believe the Board should be deemed to have more discretion than is available for the correction of clerical errors to determine the extent to which prospective, or even retrospective, changes in benefits are necessary or appropriate. *See Crumpler, supra*, 32 Cal. App. 3d at 582-584 (where a member of a retirement system takes action in reliance upon inadequate or inaccurate information, the member may acquire, under the doctrine of estoppel, a vested right to a benefit that the member expected to receive as a result of being given such information; however, estoppel did not prevent prospective correction of the erroneous classification).

And, as to the COLA question presented here, application for the 100% COLA Approach would not accurately be characterized as an “error” that was beyond the outer boundaries set by the statute. Rather, MCERA, through its past executive staff, including its Retirement Deputy in charge of administering the retirement system and its actuary, explicitly interpreted the CERL, for at least two decades, to permit the 100% COLA Approach, with no evidence of objection to the approach from County Counsel, other executive staff, or the Board during that time. Thus, any further change in calculation methodology here should be based upon the Board’s refinement or improvement upon its interpretation of the applicable statute, rather than as the correction of a legally unauthorized mistake.

In this instance, we believe that (i) the rule of liberal construction of statutes in favor of pensioners, (ii) MCERA’s long-standing, actuarially recommended, and administratively sanctioned, practice of implementing the 100% COLA Approach, and (iii) MCERA’s communications as a fiduciary to its retirees and survivors on this topic, collectively support not requiring any retrospective change of benefits paid to surviving spouses who are currently receiving benefits under the 100% COLA Approach.

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A more nuanced question arises regarding whether prospective implementation of this change must or should be made with respect to surviving spouses (i) of members who have not yet retired,⁷ (ii) of retired members who have not yet died; and/or (iii) who are currently receiving, and will in the future receive, a survivor's allowance.

Members who have not yet submitted an application to retire should have little basis to argue that equity must be invoked to prohibit MCERA from calculating their potential survivor's future potential benefit in a manner that the Board has concluded is better supported by the governing statute than the current approach. *See Crumpler, supra*, 32 Cal. App. 3d at 582-84 (equitable estoppel did not apply to prevent prospective change of members to general, rather than safety, classification for future service). On the other hand, members who have retired, or have filed an application to retire and made an irrevocable election of the unmodified benefit based on counseling by MCERA staff regarding, among other things, the 100% COLA Approach for surviving spouses, appear to be similarly situated to petitioners in *Crumpler* and *Hittle*, who thus may potentially be entitled not to have their surviving spouse benefits changed as a result of any subsequent change by the Board in its interpretation of applicable CERL provisions.

Conclusion

If the Board agrees with our conclusion that the 60% COLA Approach is the better interpretation of the CERL than the 100% COLA Approach, we recommend that the Board adopt the accompanying draft Resolution, which directs staff to use the 60% COLA Approach to calculate the surviving spouse benefit for individuals who file applications for retirement with MCERA on or after the effective date of the Board's action on the topic, but does not change the 100% COLA Approach as to survivor allowances, if any, paid on behalf of members who already have died, retired or filed an application to retire under which they timely retire.

I hope this advice responds sufficiently to the Board's questions on this topic. Thank you for the opportunity to advise on this important matter.

This advice is provided for MCERA only and should not be relied upon by anyone else.

⁷ We recommend applying the 60% COLA Approach to all applications for retirement that are filed on or after the date on which the Board adopts any Resolution on this topic. In that way, MCERA members who have received counseling on the 100% COLA Approach and submitted their retirement applications based on that counseling are protected from a change. Further, applications for retirement expire if a member does not in fact retire within 60 days of submitting the application. (Section 31672.) Accordingly, MCERA should also be adequately protected against the continuation of the 100% COLA Approach to new retirees with this approach because members cannot simply file an application for retirement the day before the Board considers this matter in open session to obtain the benefit of the 100% COLA Approach, and then wait to retire when they are ready more than two months in the future.

Tab 1

June 4, 1996

Note to file:

REF: Cost of Living Adjustment -- Retirement Continuance

The question of the proper way of calculating the amount of Cost of Living Allowance to be given to a surviving spouse upon the death of a retiree was raised this date. There are two basic ways of calculating the continuance.

1. Multiply the basic benefit being received by the retiree by 60% and add the full amount of cost of living increases received over the retirees life to this amount, or
2. Multiply the total benefit being received by the retiree (including Cost of Living increases) by 60%.

It has been the practice of Mendocino County Employee Retirement System to follow the practice shown in number 1 above. This procedure results in a slight increase in benefits to the surviving spouse.

This question was presented to Chris Upstill at the Retirement System's actuary on the above date. Chris indicated that the laws regarding Cost of Living increases went into effect after the basic retirement laws regulating the continuance of benefits to beneficiaries and have never been cross referenced and result in confusion among retirement systems. Throughout the state the various retirements systems follow both of the above practices.

Chris recommended that neither practice is better than the other and actuarially speaking neither practice results in significant differences in the overall well being of the retirement system. She therefore recommended that we remain consistent in our handling of this matter and continue to calculate the continuation of Cost of Living Benefits as we have done in the past.



Tab 2

May 24, 2005

RE: Death of:

Dear Mrs.

Please accept my sincere condolences on the loss of your husband. I hope that time will help heal your pain.

Thank you for the copy of the death certificate, which I have copied and return to you with this letter. I have also included a "Proof of Death & Claimant's Statement" for your completion. Once I receive the completed form I will issue a check for the \$1,000.00 death benefit.

Also please be aware that the check to be issued May 31, 2005 is yours to keep since Marshall was paid in arrears. I will change the monthly benefit the end of June to your name and the new amount \$852.47, which represents 60% of Marshalls' original benefit plus 100% of the cost of living raises he accrued during his lifetime. This continues to be a lifetime benefit to you and will also accrue cost of living raises each year when appropriate.

If I can be of further service please do not hesitate to let me know.

Sue Thornhill
Mendocino County Employees Retirement Assn.

**RESOLUTION NO. 2014-04 OF THE BOARD OF RETIREMENT
MENDOCINO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
PERTAINING TO THE DETERMINATION OF COST OF LIVING ADJUSTMENTS
PAYABLE ON UNMODIFIED SURVIVOR ALLOWANCES**

WHEREAS, the Mendocino County Employees' Retirement Association ("MCERA") and the MCERA Board of Retirement ("Board") are governed by the County Employees Retirement Law of 1937 (Gov. Code sections 31450, et seq.) ("CERL"); and

WHEREAS, Government Code section 31760.1 of CERL provides, in pertinent part, that "Upon the death of any member after retirement for service or non-service-connected disability . . . 60 percent of his or her retirement allowance, if not modified in accordance with one of the optional settlements specified in this article, shall be continued throughout life to his or her surviving spouse. . . ." ("unmodified survivor allowance" or "unmodified death allowance"); and

WHEREAS, Government Code section 31870.1 of CERL provides, in pertinent part, that "[E]very retirement allowance, optional death allowance, or annual death allowance payable to or on account of any member, of this system or superseded system who retires or dies or who has retired or died shall, as of April 1 of each year, be increased or decreased by a percentage of the total allowance then being received found by the board to approximate the nearest one-half of 1 percent, the percentage of annual increase or decrease in the cost of living as of January 1st of each year [based on the CPI for All Urban Consumers in Mendocino County], but such change shall not exceed 3 percent per year . . ." ("COLA benefit").

WHEREAS, by Ordinance No. 747 A, which the Mendocino County Board of Supervisors adopted on February 23, 1971, the Mendocino County Code was amended to grant a COLA benefit under CERL. Such Ordinance stated that the COLA benefit would be provided under "Article 16.5 of the [CERL], including Section 31870.1 of the Government Code, which authorizes a maximum annual increase or decrease of cost of living allowance of 3 per cent [sic]." The Ordinance did not state how the COLA should apply to survivor allowances, except that payments were to be provided as authorized by CERL.

WHEREAS, MCERA records reflect that from the early 1970s to the early 1990s, MCERA interpreted the above-quoted provisions of CERL as providing that unmodified survivor allowances are to be based upon 60% of the member's total monthly allowance at death (basic plus COLA) ("60% COLA Approach"). Such records also reflect that MCERA's interpretation of said CERL provisions changed in the early 1990s, and since then unmodified survivor allowances have been calculated based on 60% of the unmodified basic allowance that the retired member received upon death, plus 100% of the COLAs added to it as of the member's retirement ("100% COLA Approach").

WHEREAS, MCERA's Board has received advice from counsel that is reflected in a nonprivileged letter to the Board dated September 17, 2014, and MCERA staff understands from its current actuary that the 60% COLA Approach is the prevailing interpretation of the applicable CERL provisions among systems governed by them.

WHEREAS, MCERA's Board understands that many MCERA beneficiaries currently receiving unmodified survivor allowances, and MCERA members who retired with an unmodified retirement allowance, were counseled by MCERA when the members made irrevocable retirement elections that the 100% COLA Approach would apply to their spouse should he or she outlive the member, and thus had a reasonable expectation to receive such a benefit based upon MCERA's interpretation of the CERL at that time.

WHEREAS, the Board seeks to treat the unmodified survivor allowances of all similarly situated MCERA members in the same manner, concludes that it should change its interpretation of the CERL prospectively to reflect a better reading of the applicable statutes, and concludes that it should not change its statutory interpretation retroactively to this change to survivors of members who already have died, retired or made an irrevocable election with MCERA to retire.

NOW, THEREFORE, BE IT RESOLVED that the MCERA Board of Retirement declares the following:

1. The foregoing Recitals are incorporated herein by this reference.
2. All unmodified survivor allowances paid by MCERA as a result of MCERA members' irrevocable retirement elections, which are based on applications to retire filed with MCERA on or after the effective date of this Resolution, will be calculated based on the 60% COLA Approach.
3. This Resolution will not change the 100% COLA Approach that is applicable to survivor allowances, if any, paid on behalf of members who already have died, retired or filed an application to retire under which they timely retire.
4. This Resolution shall be effective on the date of its adoption by MCERA's Board.

ADOPTED AND APPROVED by the Board of Retirement of the Mendocino County Employees' Retirement Association on the 17 day of September, 2014.

Shari Schapmire, Chair of the Board
Attest:

Jim Andersen, Interim Retirement Administrator

Jim Andersen
Interim Retirement Administrator



Telephone: (707) 463-4328
(707) 467-6473
Fax: (707) 467-6472

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

Date: September 17, 2014
To: Board of Retirement
From: Jim Andersen, Interim Retirement Administrator
Subject: Travel and Training Request for Trustee Sakowicz

Introduction

The MCERA Trustee Education and Travel Policy states that the Board will list and approve specific education and travel opportunities for trustees as part of its annual budget process, or will review such opportunities as they arise (IV) (C) (1-2) (Attachment A). For fiscal year 2013/14, such a list was included in the annual budget discussions and support documents. Unfortunately, with the transition of Retirement Administrators, no such schedule was prepared for the 2014/15 fiscal year.

Trustee John Sakowicz has expressed an interest in attending the CALAPRS Advanced Principles of Pension Management for Trustees at UCLA, January 28-30, 2015 (attachment B).

Discussion

The pertinent sections of your policy related to his training include:

1. Policy Sections I, II, III and IV, in that the policy is intended as a guideline to trustees, but each trustee must determine training that he/she believes is most beneficial in carrying out their responsibilities.
2. Policy Section IV and Government Code Section 31522.8 (a) specifically state that pension fund investments and investment program management is an appropriate topic for continuing education, and that trustees must participate in 24 hours of continuing education every two-year period.
3. Policy Section IV (3) (b) states CALAPRS Principles of Pension Management Program is an appropriate continuing education forum.
4. Policy Section IV (C), Role of MCERA Management, states Board approval is not necessary for those conferences for which specific funding was budgeted, however trustees shall confirm that there is sufficient space and funding.

5. Trustee Sakowicz has performed 84 hours of continuing education during the past two-year period, while other trustees are in need of further training or reporting to MCERA staff on training in which they have participated (attachment C). While variances in training will occur between trustees based upon time constraints and/or interest levels, all members must attend and report the minimal continuing education required.
6. The cost of the requested training is \$3,100 for the course, which includes meals, lodging and materials. Staff has estimated other travel costs, assuming selection of the lowest air fare, to total approximately \$360 (attachment D), for a total cost of \$3,460.
7. The total budget for trustee education and training for the 2014/15 fiscal year is \$20,000 (attachment E). The training request represents approximately 18% of the budgeted amount.

Recommended Motion/Action

1. Approve or deny the use of budgeted training funds for this particular education and training request by Trustee Sakowicz; and
2. Direct staff to prepare a list of anticipated trustee training opportunities for FY 2014/15 (see Attachment F for FY 2013/14), which will be presented and acted upon as part of a quarterly budget review at the Board's October 2014 regular meeting.

JA
Attachments



MENDOCINO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

TRUSTEE EDUCATION AND TRAVEL POLICY

I. PURPOSE

- A. This Policy is intended to provide the trustees of the Mendocino County Employees' Retirement Association (MCERA) with guidelines and procedures that recognize and affirm the central role of education in the successful discharge of their duties.
- B. This Policy is not intended to dictate that trustees attend only specific conferences or programs. Instead, it represents a framework for the types of opportunities that trustees may utilize in furthering their fiduciary education. Trustees are encouraged to seek additional education in public pension matters.
- C. Effective January 1, 2013, Section 31522.8 was added to the Government Code. This policy is intended to comply with this section, which requires trustees to complete a minimum of 24 hours of education within the first two years of assuming office and for every subsequent two-year period in which the board member continues to hold office.

II. OBJECTIVES

- A. That trustees gain the knowledge they need to effectively carry out their fiduciary duties.
- B. That trustees possess a common base of knowledge to facilitate group discussion, debate and effective decision-making.
- C. To encourage trustees to seek and maintain a level of familiarity with public pension issues.
- D. That all newly appointed or elected trustees are provided with the general introductory knowledge they need to enable them to actively and effectively participate in board and committee deliberations.

III. ASSUMPTIONS

- A. The Policy rests on the following important assumptions:
 - 1. The role of a trustee is distinct from that of management; therefore the knowledge and educational needs of a trustee may also be distinct.

2. Trustees are responsible for making policy decisions affecting all major aspects of plan administration. Therefore, trustees must acquire a level of knowledge in all significant facets of the plan that is appropriate to policy determination.
3. No single method of educating trustees is optimal. Instead, a variety of methods may be necessary and appropriate.

IV. POLICY GUIDELINES

A. General Provisions

1. Goal. All MCERA trustees agree to develop and maintain an adequate level of knowledge and understanding of relevant issues involved in the administration of the MCERA throughout their terms as trustees of the MCERA.
2. Educational topics. Trustees agree to pursue an appropriate level of training across a broad spectrum of pension-related areas, rather than limiting their education to particular areas. Accordingly, trustees shall endeavour to gain knowledge that is consistent with the Board's role as a high level, policy-setting and oversight body.

Section 31522.8(a) identifies appropriate topics for Board education which may include, but not be limited to, the following pension related areas:

- a. Fiduciary responsibilities
- b. Ethics
- c. Pension fund investments and investment program management
- d. Actuarial matters
- e. Pension funding
- f. Benefits administration
- g. Disability evaluation
- h. Fair hearings
- i. Pension fund governance
- j. New board member orientation

3. Compliant educational opportunities. Section 31522.8(b) establishes a means for determining the programs, training, and educational sessions that qualify as Board member education. Educational seminars sponsored by the state or national pension fund organizations and seminars sponsored by accredited academic institutions shall be deemed to meet board member educational requirements.

The following shall provide guidance with respect to attendance at conferences with preference given to conferences sponsored by educational institutions, Callan Associates, or pension industry associations such as SACRS and CALAPRS.

Appropriate educational tools for trustees may include, but are not limited to:

- a. State Association of County Retirement Systems (SACRS):

1. The Semi-Annual Conferences of the State Association of County Retirement Systems (SACRS);
2. SACRS Public Pension Investment Program

- b. California Association of Public Retirement Systems (CALAPRS):

1. Board Leadership Institute
2. Principles of Pension Management Program
3. The General Assembly
4. Trustee Roundtables

- c. CALLAN Associates:

1. Callan College
2. Callan National Conference

4. Compliance reporting. Section 31522.8(d) requires each Board to maintain a record of Board member compliance with the Policy. The Policy and an annual report on board member compliance shall be placed on MCERA's Internet Website.

B. Role of MCERA Management

1. Management shall identify appropriate educational opportunities and include such information in Board meeting information packages for trustees' consideration, as early in the year as possible to facilitate scheduling on the part of board members.
2. Staff will organize or deliver at least one special in-house education session each

year covering one or more topics that would be beneficial for all board members. An example of such a topic would be the Brown Act.

3. Other required training. In addition to the above, mandatory training is required for trustees regarding:
 - a. AB 1234 – Ethics Training: every two years; and
 - b. AB 1825 – Sexual Harassment Prevention Training: within six months of becoming a Trustee and every two years thereafter.

C. Conferences and Seminars

1. The Board will allocate sufficient funds annually in its budget to enable trustees to attend specified conferences. Accordingly, Board approval is not required for attendance at such conferences, provided they are held within California. Trustees, however, shall confirm with the Retirement Administrator that there is sufficient space and funding.
2. If a conference is not listed in the budget, or is to be held outside the State of California, attendance at that conference shall require Board approval. In approving a particular educational opportunity, the Board shall consider:
 - a. The extent to which an opportunity is expected to provide trustees with the understanding and information they need to carry out their responsibilities;
 - b. The extent to which the opportunity meets the requirements of this policy;
 - c. The cost-effectiveness of the program in light of travel, lodging and related expenses.
 - d. The timeliness and relevance of the opportunity.
3. Reimbursement for travel and associated expenses relating to educational conferences shall be in accordance with the provisions of the County Travel Policy, unless superseded by a MCERA travel policy.
4. In cases where attendance at a particular conference is limited:
 - a. The Chair and Retirement Administrator shall jointly determine whether it is necessary for management to participate; and then
 - b. The Chair shall determine which interested trustees shall attend, on a rotating basis.

- c. If a limited number of trustees attend a particular conference, they will report back to the Board on the conference and provide an evaluation of the conference.
5. Trustees may provide the Retirement Administrator with copies of any educational material acquired at conferences that they deem to be useful. The Retirement Administrator shall in turn make said materials available to the Board for reference purposes.

V. ORIENTATION PROGRAM

- A. A formal orientation program shall be developed by the Retirement Administrator for the benefit of new trustees. The aim of the orientation program shall be to ensure that new trustees are in a position to contribute fully to board and committee deliberations, and effectively carry out their fiduciary duties as soon as possible upon joining the Board.
- B. As part of the orientation process, new trustees shall, within 45 days of their election or appointment to the Board:
 1. Be briefed by the Retirement Plan Administrator on the history and background of the MCERA;
 2. Be briefed by the Board Chair;
 3. Be introduced to staff of MCERA;
 4. Be provided a tour of MCERA offices by management;
 5. Be briefed on their fiduciary duties, conflict of interest guidelines and *The Brown Act*;
 6. Receive the following from the Retirement Administrator:
 - a. The *37 Act*, the *Brown Act*, and the MCERA By-Laws;
 - b. Most recent plan description and member handbook;
 - c. Copies of MCERA Board policies;
 - d. Most recent actuarial valuation and financial statements;
 - e. Most recent asset/liability study;
 - f. Most recent investment performance report;

- g. Most recent budget;
 - h. Organizational chart;
 - i. Names and phone numbers of the other trustees and the Retirement Administrator;
 - j. Listing of current committee assignments;
 - k. Listing of current MCERA service providers;
 - l. List of current educational opportunities (including dates of Callan College/Investment Institutes, SACRS and CALAPRS conferences); and
 - m. A copy of the Board's liability insurance policy; and
 - n. Other relevant information and documentation from management or the Chair; for example, disability process guidelines/information.
- C. The Retirement Administrator shall review and if necessary update all orientation material as needed.
- D. During the course of their first year on the Board, new trustees shall endeavour to attend the SACRS New Trustee Training Program and/or the CALAPRS Principles of Pension Management Program.
- E. Prior to their first official meeting of the Board, new trustees shall endeavour to attend a meeting of the Board or a standing committee as an observer.
- F. Within 30 days of being appointed or elected to the Board, trustees must complete a Form 700 *Statement of Economic Interests*. Management shall provide new trustees with all the necessary assistance in properly completing the Statement.

VI. POLICY REVIEW

The Board shall review the Board Education policy at least every three (3) years to ensure that it remains relevant and appropriate.

VII. POLICY HISTORY

The Board adopted this policy on 12/16/09.

The policy was amended and adopted on 12/12/2012.

(B)

vacancies remain, 1st Alternates will be admitted in the order received, followed by 2nd Alternates.

Tuition must be paid in full prior to attending the course and must be paid by check. Cash and credit will not be accepted. Tuition cost will be \$2,500.

Lodging

Registration includes accommodations for all delegates. CALAPRS highly recommends that everyone, even those who live locally, stay in the lodging provided to ensure thorough participation in the course. CALAPRS will make reservations for all attendees at the following location:

Sheraton Palo Alto Hotel
625 El Camino Real
Palo Alto, CA 94301

Advanced Principles of Pension Management for Trustees at UCLA

January 28-30, 2015

**UCLA Anderson School of Management
110 Westwood Plaza
Los Angeles, CA 90024**

[Registration Form 2015 >>](#)

About the Course

The Advanced Principles for Trustees is about offering programs that help public pension trustees ask and answer the tough questions. The Institute is about finding out what it will take to govern ever more effectively in the 21st century, how we can build organizations that truly stand the test of time, and how we can be open to strategic possibilities. This is the gift of governance that defines the Advanced Principles for Trustees.

As a public pension trustee, you are being challenged as never before with vastly increased responsibility, unprecedented accountability, and changing expectations. Moreover, areas such as compensation, audit, and risk management are rapidly evolving. To address these developments, the Advanced Principles for Trustees Program adopts a multi-functional perspective on the issues effectively integrating ethics, compliance, enterprise risk management, and sustainability into the view.

Who should attend?

This Program is designed for an elite group of senior trustees who are proven board leaders. Successful applicants will have held a position on a pension board for at least one or two terms prior to their current term. **The CALAPRS Principles of Pension Management for Trustees at Stanford is a prerequisite (requirement) for this course.**

Registration

Registration for this course is now open. Download the form above. Each system may enroll one Trustee as a "Delegate" and designate one additional Trustee as "1st Alternate" with the remainder as "2nd Alternate". Delegates will be admitted first. If vacancies remain, 1st Alternates will be admitted in the order received, followed by 2nd Alternates. Tuition cost covers all meals, lodging, and materials - CALAPRS Members: \$3,100 and Non-Members: \$3,400.

Lodging

To ensure full participation in the program, CALAPRS requires all participants to stay in the lodging provided. All meals will also be provided. CALAPRS will make and pay for reservations for the nights of January 28 and 29 for all attendees at the following location:

UCLA Guest House
330 Charles E. Young Drive East
Los Angeles, CA 90095
(310) 825-2923



Credit may also be received for viewing recordings of past conferences. Available DVD recordings include the 2014 Spring SACRS Conference. The next quarterly update will be provided in October 2014 and the next Annual report will be posted to our website in January 2015.

If you would like to receive credit for other trainings or conferences attended which are related to Retirement System issues, please complete and submit a Report of Attendance form. A copy is included with this report.

2013 Trustee Conference/Seminar Attendance and Educational Hours Credited										
	Bob Mirata	Craig Walker	John Sakowicz	Lloyd Weer	Randall Goodman	Richard Shoemaker	Shari Schapmire	Ted Stephens	Tim Knudsen	John McCowen
Ethics Training		2.00			2.00		2.00	2.00		
1/28/13 Callan Institute	8.00		8.00				8.00			
5/8/13 Board Fiduciary Training	1.00		1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
5/12-17/13 Spring SACRS	13.50		10.00	9.00	9.00	10.00				
6/26/13 Callan Workshop	2.00			2.00						
SACRS UC Berkeley Program 7/13			24.00							
Board Disability Standards Training 10/16/13	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
SACRS Fall Conf 11/12-15/13			10.00							
Totals	25.50	3.00	54.00	13.00	13.00	12.00	12.00	4.00	2.00	2.00

2014 Trustee Conference/Seminar Attendance and Educational Hours Credited										
	Bob Mirata	Craig Walker	John Sakowicz	Lloyd Weer	Randall Goodman	Richard Shoemaker	Shari Schapmire	Ted Stephens	Tim Knudsen	John McCowen
Ethics Training			2.00			2.00		2.00	2.00	
1/27-29/14 Callan Conference	8.00		8.00	8.00		8.00	8.00			
BOS Pension Workshop April 22, 2014			2.00	2.00			2.00	2.00		2.00
PIMCO Alternative Investors Day May 1, 2014			8.00							
CA Co. Pension Reform Conf. May 10, 2014								8.00		
Spring SACRS May 13-16, 2014			10.00			11.00		6.00	9.00	
5/28/14 Meeting, Blue Ribbon Panel Chair								2.50		
6/26/14 GASB Meeting & Training	2.00			2.00	2.00	2.00	2.00	2.00		
Totals	10.00	0.00	30.00	12.00	2.00	23.00	12.00	22.50	11.00	2.00



Select Departing Flight: San Francisco, CA to Los Angeles, CA

Modify Search Round Trip One-Way

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To: Los Angeles, CA - LAX

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JAN 22 THU	JAN 23 FRI	JAN 24 SAT	JAN 25 SUN	JAN 26 MON	JAN 27 TUE	JAN 28 WED	JAN 29 THU	JAN 30 FRI	JAN 31 SAT	FEB 1 SUN	Flexible dates? Search the low fare calendar. Search Now
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All fares are rounded up to the nearest dollar.

Depart	Arrive	Flight #	Routing	Travel Time	Business Select \$249	Anytime \$221	Wanna Get Away \$69
6:05 AM	7:25 AM	2077	Nonstop	1h 20m	\$249	\$221	\$69
7:50 AM	9:15 AM	2083	Nonstop	1h 25m	\$249	\$221	\$69
9:00 AM	10:30 AM	861	Nonstop	1h 30m	\$249	\$221	\$69
10:10 AM	11:30 AM	583	Nonstop	1h 20m	\$249	\$221	\$69
11:45 AM	1:15 PM	2241	Nonstop	1h 30m	\$249	\$221	\$69
1:00 PM	2:25 PM	879	Nonstop	1h 25m	\$249	\$221	\$69
3:35 PM	4:50 PM	2419	Nonstop	1h 15m	\$249	\$221	\$69
4:45 PM	6:05 PM	4211	Nonstop	1h 20m	\$249	\$221	\$69
6:15 PM	7:50 PM	3323	Nonstop	1h 35m	\$249	\$221	\$69
8:35 PM	9:55 PM	4389	Nonstop	1h 20m	\$249	\$221	\$69

*Flight, early internet
= \$145⁰⁰*

*Parking
4 days @ 26.00/day
80⁰⁰*

*Bridge 7.00
Auto 256 miles @
.50/mi. = 128⁰⁰*

360⁰⁰

Select Returning Flight: Los Angeles, CA to San Francisco, CA

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JAN 25 SUN	JAN 26 MON	JAN 27 TUE	JAN 28 WED	JAN 29 THU	JAN 30 FRI	JAN 31 SAT	FEB 1 SUN	FEB 2 MON	FEB 3 TUE	FEB 4 WED	Flexible dates? Search the low fare calendar. Search Now
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All fares are rounded up to the nearest dollar.

Depart	Arrive	Flight #	Routing	Travel Time	Business Select \$249	Anytime \$221	Wanna Get Away \$73
5:45 AM	7:10 AM	1974	Nonstop	1h 25m	\$249	\$221	\$73
7:55 AM	9:20 AM	937	Nonstop	1h 25m	\$249	\$221	\$73
9:45 AM	11:15 AM	2162	Nonstop	1h 30m	\$249	\$221	\$73

Depart	Arrive	Flight #	Routing	Travel Time	Business Select \$249	Anytime \$221	Wanna Get Away \$73
11:05 AM	12:30 PM	3944	Nonstop	1h 25m	\$249	\$221	\$73
12:00 PM	1:25 PM	3056	Nonstop	1h 25m	\$249	\$221	\$73
1:45 PM	3:05 PM	978	Nonstop	1h 20m	\$249	\$221	\$73
2:55 PM	4:10 PM	4122	Nonstop	1h 15m	\$249	\$221	\$73
5:20 PM	6:35 PM	2608	Nonstop	1h 15m	\$249	\$221	\$73
6:50 PM	8:05 PM	4300	Nonstop	1h 15m	\$249	\$221	\$73
8:25 PM	9:45 PM	3412	Nonstop	1h 20m	\$249	\$221	\$73

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Important Fare & Schedule Information

All fares and fare ranges are subject to change until purchased.

Flight ontime performance statistics can be viewed by clicking on the individual flight numbers.

All fares and fare ranges listed are per person for each way of travel.

"Unavailable" indicates the corresponding fare is unavailable for the selected travel date(s), the search did not meet certain fare requirements, or the flight has already departed.

"Sold Out" indicates that flight is sold out for the corresponding fare type.

"Invalid w/ Depart or Return Dates" indicates that our system cannot return a valid itinerary option(s) with the search criteria submitted. This can occur when flights are sold out in one direction of a roundtrip search or with a same-day roundtrip search. These itineraries may become valid options if you search with a different depart or return date and/or for a one way flight instead.

"Travel Time" represents the total elapsed time for your trip from your departure city to your final destination including stops, layovers, and time zone changes.

For infant, child (2-11), group (10+), and military fares please call 1-800-I-FLY-SWA (1-800-435-9792). **These fares are a discount off the "Anytime" Fares.** Other fares may be lower.

**Savings with Flight + Hotel" claim is based on average savings for bookings purchased in a bundled package vs purchasing components separately (i.e. a la carte). Savings on any given package will vary based on the selected origin, destination, travel dates, hotel property, length of stay, car rental, and activity tickets. Savings may not be available on all packages.

**Mendocino County Employees Retirement Association
Fiscal Year 2014/2015
ADOPTED May 7, 2014**

**FY 2014/2015
ADOPTED
BUDGET**

Personnel

Gross Regular Salaries	\$	324,550
Extra Help		-
Retirement		80,935
Social Security		19,825
Social Security B		4,640
Retirement Cola		28,075
Health Insurance		87,580
Unemployment Insurance		3,215
Workers Comp		2,270
Sub Total Personnel (BU 1920)	\$	551,090

Other Administrative

Communications		3,000
General Insurance		1,500
Membership		5,000
Office Expense		12,500
Legal Expense		100,000
Contracts		20,000
Travel In-County		1,100
Board Meeting Stipends		8,000
Board Education and Conferences		20,000 *
Staff Education and Training		11,000
Audit		35,250
Fiduciary Insurance		42,000
Subtotal Other Administrative	\$	259,350
Total Personnel+Administrative	\$	810,440

Disability

Disability Due Diligence		35,000
Disability Hearings		20,000
Medical Reviews		35,000
Subtotal Disability	\$	90,000

625-B Kings Court

Building Expenses		
Imputed Rent		53,077
Subtotal	\$	53,077

Total Administrative Budget \$ 953,517

MCERA Policy Cap \$ 1,077,134
Balance \$ 123,617

Basis Points Test 0.21%
AAL \$512,921,000
Date 6/30/2013 actual

**FY 2014/2015
ADOPTED
BUDGET**

Technology

Automation		
LRS - PAS Project	130,058	
Linea Solutions Consultant	235,070	(unspent
PAS Project Related Expenses	37,720	project
Subtotal	\$ 402,848	funds)

Investment

Alliance Bernstein Fees	72,000	
Mondrian Fees	174,000	
Bond Manager Fees		
Investment Consultant-Callan	151,060	
Actuary Services-Segal	127,000	
Subtotal	\$ 524,060	

Total MCERA	\$ 1,880,425	
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BOARD OF RETIREMENT	DESCRIPTION	Transportation	Hotels	Meals	Registration	Misc	Total	FY 2013/14	
								July - September	ACTUAL
Randy Goodman	SACRS Conference	\$ 400.00	\$ 1,000.00	\$ 200.00	\$ 120.00	\$ 80.00	\$ 1,800.00		
Tim Knudsen	SACRS Conference	\$ 400.00	\$ 1,000.00	\$ 200.00	\$ 120.00	\$ 80.00	\$ 1,800.00		
Bob Mirata	SACRS Conference	\$ 400.00	\$ 1,000.00	\$ 200.00	\$ 120.00	\$ 80.00	\$ 1,800.00		
John Sakowitz	SACRS Conference	\$ 400.00	\$ 1,000.00	\$ 200.00	\$ 120.00	\$ 80.00	\$ 1,800.00		
	SACRS Public Pension Investment Program	Jul-13 \$ 132.78	\$ 945.56	\$ 124.00	\$ 2,500.00	\$ 15.00	\$ 3,717.14		\$ 3,717.14
Shari Schapnrite	SACRS Conference	\$ 400.00	\$ 1,000.00	\$ 200.00	\$ 120.00	\$ 80.00	\$ 1,800.00		
Richard Shoemaker	SACRS Conference	\$ 400.00	\$ 1,000.00	\$ 200.00	\$ 120.00	\$ 80.00	\$ 1,800.00		
John McCowen	SACRS Conference	\$ 400.00	\$ 1,000.00	\$ 200.00	\$ 120.00	\$ 80.00	\$ 1,800.00		
Ted Stephens	SACRS Conference	\$ 400.00	\$ 1,000.00	\$ 200.00	\$ 120.00	\$ 80.00	\$ 1,800.00		
Craig Walker	SACRS Conference	\$ 400.00	\$ 1,000.00	\$ 200.00	\$ 120.00	\$ 80.00	\$ 1,800.00		
Lloyd Wear	SACRS Conference	\$ 400.00	\$ 1,000.00	\$ 200.00	\$ 120.00	\$ 80.00	\$ 1,800.00		
BUDGET									ACTUAL
Board Member (10)	SACRS Conference	\$ 400.00	\$ 1,000.00	\$ 200.00	\$ 120.00	\$ 80.00	\$ 1,800.00	\$ 18,000.00	\$ 3,717.14
Board Member (1)	SACRS Public Pension Investment Program							\$ 3,500.00	\$ 3,000.00
Board Member (4)	Callan Institute							\$ 750.00	\$ 3,000.00
Board Member (1)	CALAPRS Principles of Pension Management							\$ 3,000.00	\$ 3,000.00
								BUDGET	ACTUAL
								\$ 27,500.00	\$ 3,717.14

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