

Richard A. White, Jr.
Retirement Administrator



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

Date: June 19, 2013
To: Board of Retirement
From: Richard White, Retirement Administrator *raw*
Subject: Pension Administration System ---- Vendor Selection

Summary

In September 2012, the Board of Retirement (Board) directed the Retirement Administrator to discuss the IT Roadmap with Linea Solutions and return to the Board with the results of that discussion, including a renewal of priorities and initiatives.

An initiative of the IT Roadmap is a pension administration system (PAS). PAS processes benefits, benefit calculations, accounting work, and other administrative tasks in an automated manner.

In January of this year, the Board approved the MCERA Strategic Plan which contained objectives for MCERA to 'revisit the previously prepared IT Roadmap' and to "evaluate various service providers and implement an automated pension administration system."

In May, MCERA issued the Request-for-Proposal (RFP) for the pension administration system from which four proposals were received which were evaluated and scored by MCERA staff and the steering committee.

The recommendation of the committee and staff regarding the vendor for the pension administration system will be shared with the Board of Retirement at this meeting.

Staff Recommendations

1. Select the recommended vendor for the installation of the pension administration system.
2. Authorize the Retirement Administrator to negotiate and enter into a contract with the selected vendor under the terms of the RFP proposal.
3. Adopt the proposed budget for the pension administration system project and revise the Fiscal Year 2013-2014 budget accordingly.

Quiet period. The quiet period will conclude with the selection of the vendor.

Raw
attachments

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Date: June 19, 2013
To: Board of Retirement
From: Richard White, Retirement Administrator *RW*
Subject: Approval of Statement of Work with Linea Solutions, Inc

Discussion:

The Board of Retirement will consider the hiring of a vendor to implement a pension administration system (PAS) for MCERA. The implementation of PAS is a highly complex task which requires significant technical expertise, project management capabilities and oversight, communication skills and quality control.

These skills and abilities are not something to be assumed to exist inside MCERA or the County of Mendocino. The successful completion of a project like this for a system like MCERA requires the capabilities of an organization that specializes in this area. Other pension funds have implemented a pension administration system without the use of a consultant/project manager and many of these implementations have been successful. The systems that use this approach are required to commit significant resources of time, people and money in order to ensure a successful outcome. In my opinion, MCERA or the County of Mendocino does not have the 'in-house' capabilities of managing a project of this magnitude.

It is our recommendation that the Board of Retirement select Linea Solutions, Inc for the implementation of the pension administration system. Linea Solutions is the IT consulting firm which is the most familiar with MCERA and our technology needs. They completed a detailed study of the Association's long-term technology requirements and most recently worked on the imaging project implementation.

Linea Solutions prepared and coordinated the request for proposal (RFP) for the pension administration system and is completely familiar with MCERA's needs in this regard. Linea will provide oversight consulting services for the PAS implementation to include (a) project management oversight; (b) requirements confirmation; (c) testing oversight; and (d) business process reengineering services to MCERA.

Recommended action: Approve the Statement of Work with Linea Solutions, Inc. for project oversight and implementation consulting services for the pension administration system in an amount of \$490,500 for the 24 month period beginning July, 2013 and authorize the Administrator to enter into a contract for these services.

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Date: June 19, 2013
To: Board of Retirement
From: Richard White, Retirement Administrator *RAW*
Subject: Approval of Engagement Letter with Hanson Bridgett LLP

Discussion:

Hanson Bridgett LLP has been the retained MCERA legal services firm to provide tax counsel services including tax, benefits and related advice for a number of years. Services provided to MCERA have been provided by Bob Blum and Judith Boyette, both Partners in the firm. The primary focus of Hanson Bridgett has been the Voluntary Correction Project (VCP) with the IRS and has also included areas, such as the excess earnings issue, where their expertise with tax law has been critical to have.

MCERA has had a series of legal service agreements in place which detail the scope of services and billing rates of Hanson Bridgett with the recent engagement letter expiring on June 30, 2013 which makes it necessary to approve a new agreement in order to maintain the services provided by Hanson Bridgett. The primary focus of this engagement will include completion of the VCP filing with the IRS which is anticipated to be this year.

The Board adopted the Fiscal Year 2013-2014 budget which included these legal fees. The terms and conditions of the new agreement are the same as the previous agreements.

Recommended action: Approve the Engagement Letter for Miscellaneous Tax Counsel Services with Hanson Bridgett effective July 1, 2013 through June 30, 2014 for a maximum amount of \$30,000.

Attachment

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Date: June 19, 2013
To: Board of Retirement
From: Richard White, Retirement Administrator *RAW*
Subject: Accounting Services Contract

Summary:

The Board of Retirement contracted with Fechter & Company, Certified Public Accountants as the professional services provider for our accounting services on September 19, 2012 in a contract which expires on June 30, 2013.

Last month, the Board approved the budget for Fiscal Year 2013-2014 which included these accounting services for an additional six month period to serve the Association while we go through the process of hiring a full-time staff accountant.

The terms and conditions of the new contract remain the same as the current contract.

Recommended Action:

Approve an extension of the professional accounting services with Fechter & Company, Certified Public Accountants for an amount not to exceed \$37,500 for Fiscal Year 2013-14.

Discussion:

The professional accounting services will continue to be provided primarily by Scott A. German, CPA who has been a principal with Fechter & Company since 2009 and has practical experience providing outsourced controller services to a wide variety of clients.

The scope of the contract will continue to have Mr. German on-site at MCERA for three days per month, billed at \$150 per hour and reimbursement of travel expenses to include five hours of travel time, mileage, meal per diem and lodging.

The current contract with Fechter & Company has been in place since October, 2012 during which MCERA has received a total of 273 hours of service which represents \$40,950 in professional service fees and \$5,332 in travel expenses through May, 2013.