

Jim Andersen  
Interim Retirement Administrator



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

Date: December 3, 2014  
To: Board of Retirement  
From: Jim Andersen, Interim Retirement Administrator   
Subject: Administrator's Report

Meetings attended:

1. I attended the November 5, 2014 Department Head meeting conducted by the County CEO. At her request, I provided an update on the triennial experience study, the change to the assumed rate of return assumption, and preliminary estimates of the impact of assumption changes on employer and employee contributions.
2. I attended SACRS the evening of November 11 through the morning of November 13, 2014. Notable presentations included an update from the National Institute on Retirement Security, presentation of the annual RV Kuhns systems comparison (attached), and the Retirement Administrator's breakout. MCERA performed very well in total returns for all periods, including the last ten (10) years. In addition, MCERA's actuarial assumptions are now more conservative than the average of all systems and other SACRS systems. MCERA's liability coverage (funded status) continues to lag behind most SACRS systems. Staff would be happy to place this item on the agenda for a more in depth discussion at the Board's direction.
3. Participated in a conference call with Segal Consulting and Stan Conwell to discuss the draft actuarial valuation study for June 30, 2014. The study was also scheduled for the Audit & Budget committee for November 21, 2014.
4. Staff will be participating in a conference call on December 1, 2014 with Hanson Bridgett and Jeff Berk to discuss implementation of IRS model regulations contained within MCERA's Voluntary Correction Plan (VCP) and adopted by the Board at its October 2014 regular meeting.

Recruitment

Staff has been working very closely with the Board Chair and Alliance Resource Consulting to conclude the recruitment process for a Retirement Administrator. Discussion and possible action to appoint a permanent Retirement Administrator as well as a report on meet and confer discussions with the Board's preferred candidate are on your closed session agenda.

### Error Correction

Pursuant to the Board's Overpayment Policy (Section IV (A)), I am reporting that staff has identified an error in the calculation of a member's monthly pension benefit. The benefit has been corrected effective November 2014, and discussions are occurring with the member regarding the accrued overpayment. Consistent with Sections IV (B) and (C) (2), staff will report back to the Board on the outcome of those discussions.

### Retirement Administrator Transition

My employment contract ends December 31, 2014. In anticipation of a successful recruitment for a permanent Retirement Administrator, I will be developing notes and a calendar of upcoming events to assist in the transition. I anticipate reducing my hours at MCERA during the November and December holidays however it is my desire to complete the following tasks prior to the end of my employment agreement:

- Preparation for Board meetings
- Working with Segal toward the adoption of the annual valuation study and employer/employee rates for FY 2015/16
- Developing a correction plan for the error in a member's pension (described above)
- A draft Management Discussion & Analysis for review by the Audit & Budget committee
- Coordination of outstanding disability applications with Judy Zeller.

I will also be available during the next few months to assist the new Retirement Administrator in their transition and provide historical information as requested.

JA  
Attachment

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Interim Retirement Administrator



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Date: December 3, 2013  
To: Board of Retirement  
From: Jim Andersen, Interim Retirement Administrator  
Subject: Discussion and Possible Action Regarding the Fourth Amendment to the Agreement with Fetcher & Company

Introduction

When MCERA hired Stan Conwell into the newly created position of Finance/Investment Officer, the Board recognized it would be advantageous to create a transition period for review and training in the accounting, actuarial and investment activities of MCERA. As a result, the Board extended the agreement with Fetcher & Company (Fetcher), to provide review of work products and training through December 31, 2014. Given that Stan will be encountering new fiscal activities throughout his first full accounting cycle/year, MCERA's external auditors, Gallina, LLP, strongly recommended some level of review and assistance by Fetcher through September of 2015. At that point, MCERA's books should be closed for the fiscal year ending June 30, 2015, and audit preparation and field work will have occurred.

Recommended Motion/Action

Approve the Fourth Amendment to the Agreement with Fetcher & Company through September 30, 2015 with a maximum billable amount of Ten Thousand Eight Hundred Dollars (\$10,800).

Financial Impact

Up to \$7,200 could be expended in the current fiscal year (using a straight-line expenditure pattern), which was not included in MCERA's FY 2014/15 approved budget. It is more likely that most of the billable hours will be in the next fiscal year when the books are being closed and the external audit is being conducted.

JA  
Attachment

**FOURTH AMENDMENT TO  
MENDOCINO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
STANDARD SERVICES AGREEMENT**

This fourth amendment, dated as of December 3, 2014 is by and between the MENDOCINO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION, hereinafter referred to as "MCERA", and Fechter & Company, hereinafter referred to as "CONTRACTOR".

**WITNESSETH**

WHEREAS, MCERA may retain independent contractors to perform special services to or for MCERA; and

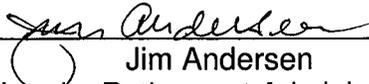
WHEREAS, MCERA desires to continue to obtain review of and training in Accounting Services ("Services") while MCERA's Financial/Investment Officer is receiving training on all annual accounting activities including, but not limited to, providing MCERA's actuaries data for annual valuations, determining interest postings to employee and employer reserves, preparation of a Comprehensive Annual Financial Report (CAFR), maintaining monthly financial records and producing reports, closing MCERA's books at the conclusion of the fiscal year, and assisting external auditors to prepare for and conduct the annual audit ; and

WHEREAS, CONTRACTOR is professionally qualified to provide such Services and is currently engaged by an agreement dated July 1, 2013, which has been amended three times on December 18, 2013, June 18, 2014 and September 17, 2014) with MCERA to provide same Services;

NOW, THEREFORE, MCERA and CONTRACTOR agree to the following amendment to the existing agreement and three previous amendments by extending services from January 1, 2015 through September 30, 2015 and the billing for such services shall not exceed Ten Thousand Eight Hundred Dollars (\$10,800).

**IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.**

**MENDOCINO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**

By:   
Jim Andersen  
Interim Retirement Administrator

**CONTRACTOR/COMPANY NAME**

By:   
Scott A. German, CPA  
Fechter & Company

**NAME AND ADDRESS OF CONTRACTOR:**

Fechter & Company  
1870 Avondale Avenue, Suite 4  
Sacramento CA 95825

**ATTEST:**

By: \_\_\_\_\_  
Judy Zeller, Administrative Assistant

**INSURANCE REQUIREMENTS:**

KRISTIN McMENOMEY, Director  
General Services Agency

By: (see agreement dated 7/1/13)  
Risk Manager

**APPROVED AS TO FORM:**

By: \_\_\_\_\_  
Jeff Berk, MCERA Legal Counsel

By signing above, signatory warrants and represents that he/she executed this Agreement in his/her authorized capacity and that by his/her signature on this Agreement, he/she or the entity upon behalf of which he/she acted, executed this Agreement