

MCERA RETIREMENT BOARD MEETING AGENDA
THURSDAY, FEBRUARY 08, 2018
MERCED COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
3199 M STREET, MERCED, CA 95348

Please turn your cell phone, beeper or other electronic device to non-audible mode and please refrain from using them during the Board meeting.

CALL TO ORDER: 8:15 A.M.

- ROLL CALL.
- APPROVAL OF MINUTES – January 25, 2018.

PUBLIC COMMENT

Members of the public may comment on any item under the Board's jurisdiction. Matters presented under this item will not be discussed or acted upon by the Board at this time. For agenda items, the public may make comments at the time the item comes up for Board consideration. Persons addressing the Board will be limited to a maximum of five (5) minutes in total. Please state your name for the record.

CLOSED SESSION

As provided in the Ralph M. Brown Act, Government Code sections 54950 et seq., the Board may meet in closed session with members of its staff, county employees and its attorneys. These sessions are not open to the public and may not be attended by members of the public. The matters the Board will meet on in closed session are identified below. Any public reports of action taken in the closed session will be made in accordance with Government Code sections 54957.1.

(1) DISABILITY RETIREMENT APPLICATIONS: PERSONNEL EXCEPTION

(Government Code §54957, §31532; Cal Const. art. I, § 1)

1. Update on Disability Applications:
 - a. Arroyo, Elizabeth
 - b. Clark, Andrea
 - c. Estep, Jason
 - d. Garcia, Savahana
 - e. Guzman-Hernandez, Rosa Maria
 - f. Ramirez, Linda
 - g. Ward, Kissy
 - h. Winder, Trudy

(2) CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION

(Govt. Code § 54956.9(a))

Name of Case: AFSCME Local 2703, et al. v. MCERA, et al., Court of Appeal First Appellate District, Division 4, Case No. A141913.

RETURN TO OPEN SESSION

Report on action taken in closed session.

CONSENT CALENDAR

Consent matters are expected to be routine and may be acted upon, without discussion, as one unit. If an item is taken off the Consent Calendar for discussion, it will be heard as the last item(s) of the Board Action/Discussion as appropriate.

RETIREMENTS: Pursuant to Govt. Code §31663.25 or §31672

All items of earnable compensation for service or disability retirements listed below are in compliance with the pay code schedule approved by the Board of Retirement. The retirement is authorized; however, administrative adjustments may be necessary to alter the amount due to: audit, late arrival of data, court order, etc.

a. Branco, Denise	DA's Office	4 Yrs. Svc.	Eff. 01/20/2018
b. Collier, Robert	Admin Svcs	11 Yrs. Svc.	Eff. 12/29/2018
c. Lopez, Irma	H.S.A.	14 Yrs. Svc.	Eff. 01/27/2018
d. Abrams, Jay – (SCD)	Sheriff	9 Yrs. Svc.	Eff. 01/11/2018
e. Severson, Diane	Reg. of Voters	28 Yrs. Svc.	Eff. 01/20/2018
f. Grassi, Kathleen	Public Health	5 Yrs. Svc.	Eff. 01/27/2018
g. Lopez, Renee	Superior Courts	21 Yrs. Svc.	Eff. 01/24//2018

YTD fiscal year 2017/2018 retirees: 071

YTD fiscal year 2016/2017 retirees: 082

YTD fiscal year 2015/2016 retirees: 065

REFUND OF SERVICE PURCHASE: None

DEATH BENEFIT: None

MONTHLY BUDGET REPORT: Submitted

REGULAR CALENDAR

BOARD ACTION¹/DISCUSSION

1. Discussion and possible action on “Vacation Payoffs” Board Resolution regarding AFSCME Local 2703, et al. v. MCERA, et al., Court of Appeal First Appellate District, Division 4, Case No. A141913 - Staff.
2. Approval of Cost of Living Adjustment (COLA) rate for MCERA Tier 1 retired members effective April 1, 2018 – Staff.
3. Discussion and possible action to negotiate with top RFP candidate for General Investment Consultant – Staff.
4. Quarterly Budget Report for December 2017 (per Govt. Code §31580.2 as part of the annual budget process and expenditure limitation) – Staff.
5. Discussion and possible action on Board of Director’s nomination for SACRS – Staff.
6. Review calendar of any training sessions and authorize expenditures for Trustees and

¹ “Action” means that the Board may dispose of any item by any action, including but not limited to the following acts: approve, disapprove, authorize, modify, defer, table, take no action, or receive and file.

Plan Administrator. Pursuant to Govt. Code §31522.8 and MCERA's Trustees Education and Training Policy requirements. Examples of upcoming training and educational sessions:

- a. CALAPRS General Assembly, March 3-6, 2018, Indian Wells, CA
- b. CALAPRS Advanced Principles of Pension Management for Trustees, March 28-30, 2018, Los Angeles, CA.
- c. Cliffwater LLC Client Conference, April 10, 2018, New York City, NY.
- d. Pension Bridge Annual, April 10-11, 2018, San Francisco, CA.
- e. Raven Capital Management Annual Investor Meeting, May 3, 2018, New York, NY.
- f. SACRS Spring Conference, May 15-18, 2018, Anaheim, CA.
- g. CALAPRS Trustees' Roundtable, June 8, 2018, Oakland, CA.
- h. CALAPRS Administrators' Roundtable, June 22, 2018, Oakland, CA.
- i. CALAPRS Principles of Pension Management for Trustees, August 27-30, 2018, Malibu, CA.

INFORMATION ONLY

ADJOURNMENT

All supporting documentation is available for public review in the office of the Merced County Employees' Retirement Association, 3199 M Street, Merced, California, 95348 during regular business hours, 8:00 a.m. – 5:00 p.m., Monday through Friday.

The Agenda is available online at www.co.merced.ca.us/retirement

Any material related to an item on this Agenda submitted to the Merced County Employees' Retirement Association, after distribution of the Agenda packet is available for public inspection in the office of the Merced County Employees' Retirement Association.

Persons who require accommodation for a disability in order to review an agenda, or to participate in a meeting of the Merced County Employees' Retirement Association per the American Disabilities Act (ADA), may obtain assistance by requesting such accommodation in writing addressed to Merced County Employees' Retirement Association, 3199 M Street, Merced, CA 95348 or telephonically by calling (209) 726-2724. Any such request for accommodation should be made at least 48 hours prior to the scheduled meeting for which assistance is requested.

MCERA RETIREMENT BOARD MEETING MINUTES
THURSDAY, JANUARY 25, 2018
MERCED COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
3199 M STREET, MERCED, CA 95348

ROLL CALL: 8:15 A.M.

Board Members Present: Darlene Ingersoll, Karen Adams, David Ness, Michael Rhodes, Sandy Teague, Janey Cabral, Al Peterson, Jerald O'Banion, Jason Goins and Samuel Spangler. **Counsel:** Forrest Hansen, Ashley K. Dunning, Nossaman LLP. **Staff:** Kristen Santos, Bren Horrocks and Michelle Lee. **Other:** John Nicolini, Verus; Andy Paulden, Brown Armstrong.

Absent: Ryan Paskin

APPROVAL OF MINUTES: January 11, 2018

Motion to approve the January 11, 2018 meeting minutes.
Teague/Peterson U/A (8-0)

PUBLIC COMMENT

No public comment.

CLOSED SESSION

RETURN TO OPEN SESSION

(1) CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION

(Govt. Code § 54956.9(a))

Name of Case: AFSCME Local 2703, et al. v. MCERA, et al., Court of Appeal First Appellate District, Division 4, Case No. A141913.

Plan Administrator recused herself for a portion of the discussion.

Staff was given direction.

(2) DISCUSSION AND POSSIBLE ACTION REGARDING INVESTMENTS IN RECOMMENDED FUNDS, ROLL CALL VOTE REQUIRED

(Govt. Code § 54956.81)

Motion to approve amended terms of the Taurus Master and Annex Fund.

Adams/Ness U/A (8-0)

Roll Call Vote:

Yes – Goins, O'Banion, Cabral, Ness, Ingersoll, Peterson, Adams, Teague.

(3) DISCUSSION AND POSSIBLE ACTION REGARDING THREAT TO PUBLIC SERVICES OR FACILITIES

(Govt. Code § 54957)

No action taken.

REGULAR CALENDAR

BOARD ACTION⁴/DISCUSSION

1. Presentation, discussion and possible action on Audit of MCERA and CAFR– Andy Paulden, Brown Armstrong.
Motion to approve the Audit and CAFR.
O’Banion/Cabral U/A (8-0)
2. Presentation and discussion of the January 2018 Monthly Flash Investment Performance Report and market update with possible board action on any funds - Verus.
Motion to approve the rebalancing of the fund due to being overweight in US and International equities. \$13M to Barrow Hanley from Mellon Capital and Copper Rock.
Adams/Ness U/A (8-0)
3. Discussion and possible action on updated Net Cash Flow presentation – Verus.
Direction given to seek passive investments options for a possible treasury allocation for possible cash flow matching within MCERA’s fixed income allocation.
Action taken to put cash in Northern Trust short term investment fund.
Ness/Peterson U/A (8-0)
4. Review calendar of any training sessions and authorize expenditures for Trustees and Plan Administrator. Pursuant to Govt. Code § 31522.8 and MCERA’s Trustees Education and Training Policy requirements. Examples of upcoming training and educational sessions:
 - a. CALAPRS General Assembly, March 3-6, 2018, Indian Wells, CA
 - b. CALAPRS Advanced Principles of Pension Management, March 28-30, 2018, Los Angeles, CA.
 - c. Cliffwater Client Conference, April 10, 2018, New York City, NY.
 - d. SACRS Spring Conference, May 15-18, 2018, Anaheim, CA.
 - e. SACRS Public Pension Investment Program, July 15-18, 2018, UC Berkeley.
 - f. Due Diligence Trip to Redwood City, CA and Portland, OR for Trustees Paskin, Adams, and Plan Administrator Santos on February 5-6, 2018.**Approval for Trustees Paskin, Adams and Plan Administrator Santos to attend Due Diligence meetings in Redwood City, CA and Portland, OR on February 5-6, 2018.**
Goins/O’Banion U/A (8-0)

INFORMATION ONLY

- Plan Administrator reported that MCERA did not invest in Senator Hedge Fund.
- Copper Rock’s Senior Portfolio Manager, Denise Selden, will be retiring.
- Och Ziff Hedge Fund is in the news due to a CEO search.

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ADJOURNMENT

The meeting adjourned at 11:12 A.M.

Respectfully submitted,

Darlene Ingersoll, Chair

Al Peterson, Secretary

Date

Consent Item

Professional Service Budget		Adopted	Current Budget	Expended 01/2018	Expended YTD	Encumbrances	Bal Remaining	% Exp YTD
21800 - Professional & Special Services - Consultant and Management Fees		2,800,000.00	2,800,000.00	260,239.02	1,365,801.31	3,816.90	1,430,381.79	49%
1/3/2018 Verus - 2017-Q4 Consulting Fees				42,500.00				
1/8/2018 GFOA - Excellence In Fin Rptg Program Fee				505.00				
1/16/2018 2017-12 Cliffwater Consulting Fees				33,333.33				
1/24/2018 Barrow Hanley - 2018-Q1 Mgt Fee				74,482.00				
1/24/2018 UBS TPF - 2017-Q4 Mgt Fee				90,466.75				
1/31/2018 DFA - 2017-Q4 Mgt Fees				18,951.94				
Total 21800 - Professional & Special Services - Consultant and Management Fees				260,239.02				
21802 - Professional & Special Services - Actuarial Service		58,000.00	58,000.00	-	17,111.25	41,034.77	(146.02)	30%
Total 21802 - Professional & Special Services - Actuarial Service				-				
21812 - Prof & Spec-Data Processing		175,463.00	175,463.00	5,146.01	54,396.48		121,066.52	31%
1/23/2018 2017-12 IS Billing				4,880.82				
Total 21812 - Prof & Spec-Data Processing				4,880.82				
21840 - Prof & Spec Sv-Administrative Serv		103,000.00	103,000.00	227.04	55,576.52	-	47,423.48	54%
12/31/2018 Class Action Custodial Fees				194.43				
1/9/2018 Class Action Custodial Fees				32.61				
Total 21840 - Prof & Spec Sv-Administrative Serv				227.04				
22350 - Spec Dept Exp-Software		208,000.00	208,000.00	14,519.00	104,363.00	-	103,637.00	50%
1/18/2018 CPAS - 2018-02 Maint				1,919.00				
1/18/2018 CPAS - 2018-02 Support				12,600.00				
Total 22350 - Spec Dept Exp-Software				14,519.00				
Total Professional Service Budget		3,344,463.00	3,344,463.00	279,865.88	1,597,248.56	44,851.67	1,702,362.77	48%
Capital Asset Budget		Adopted	Current Budget	Expended 01/2018	Expended YTD	Encumbrances	Bal Remaining	% Exp YTD
82167 - Board Room Audio Visual		10,000.00	10,000.00	-	9,939.14	-	60.86	99%
Total 82167 - Board Room Audio Visual				-				
Software Upgrade		120,000.00	120,000.00	-	-	-	120,000.00	0%
Total 82167 - Board Room Audio Visual				-				
Total Capital Asset Budget Budget		130,000.00	130,000.00	-	9,939.14	-	120,060.86	8%
Administrative Service Budget		Adopted	Current Budget	Expended 01/2018	Expended YTD	Encumbrances	Bal Remaining	% Exp YTD
10110 - Salaries & Wages		1,187,360.83	1,187,360.83	77,045.10	558,961.75	-	628,399.08	47%
1/12/2018 Office payroll 10110-10360				38,520.21				
1/26/2018 Office payroll 10110-10360				38,520.23				
1/31/2018 2017-11 PARS				4.66				
Total 10110 - Salaries & Wages				77,045.10				
20600 - Communications		5,050.00	5,050.00	343.07	2,085.52	-	2,964.48	41%
1/16/2018 AT&T - 2017-12 Comm Chgs				133.34				
1/19/2018 2017-12 Comm Billing				209.73				
Total 20600 - Communications				343.07				
20900 - Household Expense		9,700.00	9,700.00	605.88	4,235.94	636.00	4,828.06	44%
1/16/2018 Bob's Pest Control - 2017-12 Svcs				40.00				
1/18/2018 Geil Enterprises - 2017-12 Janitorial				565.88				
Total 20900 - Household Expense				605.88				

Administrative Service Budget (Cont'd)	Adopted	Current Budget	Expended 01/2018	Expended YTD	Encumbrances	Bal Remaining	% Exp YTD
21000 - Insurance-Other	85,000.00	85,000.00	-	79,999.00	-	5,001.00	94%
Total 21000 - Insurance-Other			-				
21001 - Insurance-General Liability	3,072.00	3,072.00	213.08	1,563.01	-	1,508.99	51%
1/12/2018 General Liability			106.54				
1/26/2018 General Liability			106.54				
Total 21001 - Insurance- General Liability			213.08				
21200 - Maintenance-Equipment	4,634.60	4,634.60	56.90	2,146.27	863.87	1,624.46	46%
1/16/2018 Dataflow - 2017-Q4 TaskAlfa Usage Chgs			56.90				
Total 21200 - Maintenance-Equipment			56.90				
21301 - Maintenance Structure Improvement	12,000.00	12,000.00	700.22	10,785.47	300.00	914.53	90%
1/16/2018 Yard Masters - 2017-12 Landscape Maint			300.00				
1/17/2018 Modern Air - HVAC Maintenance			249.00				
1/19/2018 2017-12 DPW Billing			151.22				
Total 21301 - Maintenance Structure Improvement			700.22				
21500 - Membership	6,500.00	6,500.00	1,000.00	5,160.00	1,000.00	340.00	79%
1/18/2018 CALAPRS - 2018 Membership Dues			1,000.00				
Total 21500 - Membership			1,000.00				
21700 - Office Expense-General	11,000.00	11,000.00	1,123.88	4,673.22	-	6,326.78	42%
1/16/2018 First Choice - 2017-12 Water Svc			24.17				
1/16/2018 First Choice - 2017-12 Cooler Rental			7.00				
1/23/2018 Casey Moving Systems - Boxes			20.02				
1/23/2018 2017-12 Stores Billing			1,072.69				
Total 21700 - Office Expense-General			1,123.88				
21710 - Office Expense-Postage	15,750.00	15,750.00	1,018.41	6,193.12	27.87	9,529.01	39%
1/23/2018 2017-12 Mail Room Chgs			127.73				
1/23/2018 2017-12 IS Postage			890.68				
Total 21710 - Office Expense-Postage			1,018.41				
21805 - Prof & Spec Service-Audits	55,000.00	55,000.00	-	38,630.44	-	16,369.56	70%
Total 21805 - Prof & Spec Service-Audits			-				
21808 - Prof & Spec-BD Membership	12,000.00	12,000.00	1,000.00	5,000.00	-	7,000.00	42%
1/5/2018 2017-12 - Bd Mtgs			200.00				
1/5/2018 2017-12 - Bd Mtgs			200.00				
1/5/2018 2017-12 - Bd Mtgs			200.00				
1/5/2018 2017-12 - Bd Mtgs			200.00				
1/5/2018 2017-12 - Bd Mtgs			200.00				
Total 21808 - Prof & Spec-BD Membership Fee			1,000.00				
21811 - Prof & Spec-Court Reporters	2,000.00	2,000.00	-	1,390.00	-	610.00	70%
Total 21811 - Prof & Spec-Court Reporters			-				
21814 - Prof & Spec -Medical Exams	25,000.00	25,000.00	-	-	-	25,000.00	0%
Total 21814 - Prof & Spec -Medical Exams			-				
21816 - Prof & Spec -Medical Services	80,000.00	80,000.00	-	22,410.00	-	57,590.00	28%
Total 21816 - Prof & Spec -Medical Services			-				
21834 - Prof & Spec -Legal Services	175,000.00	175,000.00	530.00	14,531.90	22,041.70	138,426.40	8%
1/16/2018 PPC - 2017-12 Legal Svcs			530.00				
Total 21834 - Prof & Spec -Legal Services			530.00				

Administrative Service Budget (Cont'd)	Adopted	Current Budget	Expended 01/2018	Expended YTD	Encumbrances	Bal Remaining	% Exp YTD
21872 - Prof & Spec Sv - Investigations	1,000.00	1,000.00	-	-	-	1,000.00	0%
Total 21872 - Prof & Spec Sv - Investigations			-	-			
21900 - Publications & Legal Notices	700.00	700.00	-	-	-	700.00	0%
Total 21900 - Publications & Legal Notices			-	-			
22300 - Spec Dept Exp - Other	500.00	500.00	-	-	-	500.00	0%
Total 22300 - Spec Dept Exp - Other			-	-			
22327 - Spec Dept Exp-Cost Allocation	200,230.00	200,230.00	16,720.83	117,045.81	-	83,184.19	58%
1/19/2018 2017-01 Cost Allocation			16,720.83				
Total 22327 - Spec Dept Exp-Cost Allocation			<u>16,720.83</u>				
22500 - Transportation & Travel	800.00	800.00	71.96	147.40	-	652.60	18%
1/18/2018 Reimb for Mail Run Travel			27.07				
1/23/2018 Reimb Mileage for Local Trips			44.89				
Total 22500 - Transportation & Travel			<u>71.96</u>				
22505 - Trans & Travel -Staff Development	4,000.00	4,000.00	-	-	-	4,000.00	0%
Total 22505 - Trans & Travel -Staff Development			-	-			
22515 - Trans & Travel -In State	55,000.00	55,000.00	1,169.93	12,601.97	250.00	42,148.03	23%
1/18/2018 2017-09 Accts RT Fee			125.00				
1/23/2018 2017-12 Concur Travel Chgs - Fiduciaries' Forum			1,044.93				
Total 22515 - Trans & Travel -In State			<u>1,169.93</u>				
22516 - Trans & Travel -Out of State	3,000.00	3,000.00	-	-	-	3,000.00	0%
Total 22516 - Trans & Travel -Out of State			-	-			
22527 - Trans & Travel- Car Allowance	14,000.00	14,000.00	923.10	6,692.48	-	7,307.52	48%
1/12/2018 Car Allowance			461.55				
1/26/2018 Car Allowance			461.55				
Total 22527 - Trans & Travel- Car Allowance			<u>923.10</u>				
22600 - Utilities	12,000.00	12,000.00	788.71	6,524.16	691.79	4,784.05	54%
1/16/2018 PG&E - 2017-12 Gas & Electric Charges			669.02				
1/16/2018 City of Merced - 2017-12 Water, Sewer, & Garbage			119.69				
Total 22600 - Utilities			<u>788.71</u>				
Total Administrative Service Budget	1,980,297.43	1,980,297.43	103,311.07	900,777.46	25,811.23	1,053,708.74	45%
Total MCERA	5,454,760.43	5,454,760.43	383,176.95	2,507,965.16	70,662.90	2,876,132.37	46%

**BOARD OF RETIREMENT
MERCED COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
[DRAFT] RESOLUTION NO. 2018-___**

**RESOLUTION IMPLEMENTING FIRST DISTRICT COURT OF APPEAL
DECISION REGARDING VACATION PAYOFFS**

WHEREAS, Assembly Bill Nos. 340 and 197 (2011-2012 Reg. Sess.) (collectively, "AB 197"), effective January 1, 2013, amended Government Code section 31461 to exclude from the definition of "compensation earnable" certain categories of payments; specifically, as relevant here, on-call, standby and similar payments "outside of normal working hours" contemplated in section 31461(b)(3) (collectively "On Call pay items"), as well as certain leave cash outs during service and upon termination, contemplated in sections 31461(b)(2) and 31461(b)(4) ("Leave payouts"); and

WHEREAS, on October 11, 2012 and November 8, 2012, the Board of Retirement ("Board") of the Merced County Employees' Retirement Association ("MCERA") took actions to approve pay codes for compensation earnable to comply with AB 197.

WHEREAS, on December 20, 2012, petitioners American Federation of State, County and Municipal Employees, Local 2703, AFL-CIO, and others (collectively "AFSCME") filed a First Amended Petition in Merced County Superior Court Case No. CV 003073, challenging the constitutionality of AB 197 and its implementation by MCERA ("*AFSCME v. MCERA*").

WHEREAS, on December 26, 2012 and January 7, 2013, Merced County Superior Court issued orders in *AFSCME v. MCERA* first directing MCERA to "continue to adhere to the terms set forth in" the class action settlement agreement MCERA had entered into in June 2000 to resolve litigation over implementation of *Ventura County Deputy Sheriffs' Assoc. v. Board of Retirement of VCERA* (1997) 16 Cal. 4th 483 ("MCERA's post-*Ventura* Settlement Agreement") pending determination of AB 197's constitutionality as applied to MCERA, and subsequently enjoining and retraining MCERA from implementing "those portions of AB 197 that exclude any elements of pay, including, but not limited to terminal pay, which have been used by [MCERA] to determine 'compensation earnable' . . ." (collectively, "Stay Order"); and

WHEREAS, upon intervention in *AFSCME v. MCERA* by the California Attorney General on behalf of the State of California ("State"), the case was moved on the State's motion to Contra Costa County Superior Court and coordinated with similar proceedings pending there and in Alameda County Superior Court against those counties' retirement systems (collectively "Three Counties"), which also were subject to and had taken action to implement AB 197 on and after January 1, 2013. Thus, the coordinated proceeding in Contra Costa County Superior Court case No. N12-1870 commenced on November 27, 2012 ("Coordinated Cases"). The Contra Costa County Superior Court continued the

DRAFT RESOLUTION – SUBJECT TO CHANGE

Stay Order, and other stay orders issued to the other two county retirement systems, on or about January 7, 2013 (“CCC Superior Court Stay Order”).

WHEREAS, on March 18, 2014, the Contra Costa County Superior Court issued a Statement of Decision concluding that AB 197 was constitutional in part, but ordering certain relief to *AFSCME* as follows. First, with respect to Leave payouts that in MCERA took the form of vacation leave paid upon termination under the MCERA post-*Ventura* Settlement Agreement (MCERA pay code 350/VPO) (“Vacation Payoff”), the Contra Costa County Superior Court concluded that, based on principles of equitable estoppel, MCERA must continue to apply the terms of the MCERA post-*Ventura* Settlement Agreement, as it had been interpreted by the Merced County Superior Court in an earlier proceeding *Board of Retirement of MCERA v. Baker, et al.*, Merced County Superior Court Case No. 149970. Second, with respect to On Call pay items, the Contra Costa County Superior Court directed the retirement boards in each of the Three Counties to “make a factual determination, individually as to such retirees” as to whether On Call pay they received during their final compensation periods was (1) previously included in retirement allowance calculations before AB 197, (2) “earned and required of the employee during his or her final compensation period,” and (3) was not paid “to ‘enhance’ the pension of the retiree.” (“Trial Court Decision”)

WHEREAS, on May 12, 2014, the Contra Costa County Superior Court issued its Judgment as to MCERA, providing in pertinent part that “The Stay Order entered in this action on or about January 7, 2013 shall dissolve on the sixty-first (61st) day following entry of this Judgment.” Thus, sixty-one days later, beginning on July 12, 2014, MCERA implemented AB 197 for the first time as to its members who receive compensation earnable under section 31461.

WHEREAS, on June 24, 2014, the State appealed the Trial Court Decision, which automatically stayed enforcement of any writ mandating that MCERA countervene AB 197’s provisions. *See, e.g., Hayworth v. City of Oakland* (1982) 129 Cal.App.3d 723.

WHEREAS, because of the risk of overpaying retirees and subsequently having to collect those overpayments, and in consultation and agreement with *AFSCME*’s counsel of record, MCERA implemented AB 197 as of July 12, 2014 by no longer collecting member or employer contributions for On Call pay items (MCERA pay codes 301, 302, 306, 307 and 408) or for Vacation Payoff (MCERA pay code 350/VPO only), and by not including On Call pay items and Vacation Payoffs in the retirement allowance calculations of all MCERA members who retired on and after July 12, 2014; and

WHEREAS, the Trial Court Decision was appealed and on January 8, 2018, the First District Court of Appeal, Division Four (“Division Four”) issued an opinion in the case of *Alameda County Deputy Sheriff’s Assn. et al v. Alameda County Employees’ Retirement Assn., et al.* (Jan. 8, 2018, A141913) __ Cal.App.5th__ (the “*Alameda* Decision”), to which MCERA was a party, in which the court opined on the constitutionality and enforceability of the challenged amendments to section 31461; and

DRAFT RESOLUTION – SUBJECT TO CHANGE

WHEREAS, with respect to the On-Call Pay items, Division Four determined that the statutory amendment constituted a change to prior law pertaining to compensation earnable and thus may impact members' vested pension rights, and it set forth a test for constitutionality to be determined as to each of the Three Counties' retirement systems and each of their "Legacy members" (i.e., individuals who were members of California public retirement systems before January 1, 2013). Division Four remanded the case to the Contra Costa County Superior Court to conduct such a detailed, evidence-based, analysis; thus, it is premature for the MCERA Board to address On Call pay items in this Resolution; and

WHEREAS, with respect to Leave payouts, Division Four determined that the amendments to section 31461 did not change prior law and did not impair vested pension rights, but it concluded, on the basis of equitable estoppel, that Leave payouts (i.e., Vacation Payoffs in MCERA) nevertheless must be included in compensation earnable by retirement systems in the Three Counties as provided in each of their respective post-*Ventura* Settlement Agreements. Specifically, Division Four held that "all legacy members should be entitled to include terminal pay in compensation earnable to the limited extent such pay was designated as pensionable by their respective Post-*Ventura* Settlement Agreements," which as to MCERA provided that vacation leave paid upon retirement or termination would be included in final compensation up to "a maximum of 160 hours of annual leave, a maximum of one-year's leave accrual, or the number of annual leave hours actually included in the Member's vacation pay-off, whichever is less;" thus, Division Four did not remand the case to the Trial Court on this topic, and it is currently binding on MCERA; and

WHEREAS, based upon the *Alameda* Decision and other applicable law, the MCERA Board makes the following findings with respect to Vacation Payoffs:

1. MCERA has excluded the pay code 350/VPO from contribution collection and retirement allowance calculations for all of its Legacy members (County Tiers 1, 2 and 3, and Superior Court Tiers 1 and 2) since July 12, 2014.
2. The MCERA Board desires to comply with the *Alameda* Decision, but also to apply the compensation earnable limitations set forth in amended section 31461 to the greatest extent permitted by law.
3. The *Alameda* Decision did not address whether retirement system Legacy members who obtain such status solely by establishing MCERA membership through reciprocity are included in the "estoppel" class of members, or whether future reciprocal Legacy members may be excluded from the "estoppel" class because they were not parties to the Settlement Agreement before they joined MCERA and thus should not have a reasonable expectation of receiving that benefit, and thus a basis to assert "estoppel" to receive up to 160 hours of terminal vacation leave in their final compensation under the MCERA post-*Ventura* Settlement

DRAFT RESOLUTION – SUBJECT TO CHANGE

Agreement, just as “new members” under section 7522.04, subd. (f) of the California Public Employees’ Pension Reform Act of 2013 (Gov. Code sec. 7522) (“PEPRA”) are not included among those afforded estoppel under the *Alameda* Decision. See generally, *Lear v. Board of Retirement of SDCERA* ((2000) 79 CalApp.4th 427); *SDCERA v. County of San Diego* (2007) 151 Cal.App.4th 1163.

4. In exercise of its plenary authority to administer MCERA under Article XVI, section 17 of the California Constitution, and consistent with its fiduciary responsibilities to preserve the assets of MCERA to pay benefits to its current active, deferred and retired members, the MCERA Board intends to exclude from this implementation decision, and thus exclude from the “Estoppel Class,” all future MCERA Legacy Members who first join MCERA with reciprocity on or after the date of this Resolution.
5. The MCERA Board also desires to implement the *Alameda* Decision regarding Vacation Payoff in a manner that MCERA staff and MCERA’s consulting actuary have recommended is the most practicable and prudent under the circumstances now prevailing, with respect both to the calculation of amounts due to MCERA members with interest, and amounts due from MCERA and employers to MCERA with interest, as set forth below.

NOW, THEREFORE, BE IT RESOLVED, that the Board hereby adopts the above findings and conclusions and determines to proceed as follows with respect to the Estoppel Class of MCERA Legacy members impacted by the *Alameda* Decision regarding Vacation Payoffs; provided, however, this implementation plan will not result in changes to MCERA member contributions or retirement allowances until on or after March 22, 2018, to afford MCERA and the Board an opportunity to reevaluate this Resolution in the event any party to the Coordinated Cases seeks a stay of the *Alameda* Decision regarding the Estoppel Class, or the Supreme Court issues an order impacting MCERA’s consideration of this topic:

1) **Retired members:** MCERA Legacy retired members will be processed by retirement date order, beginning with those that retired first on or after July 12, 2014.

i) The actual numbers of hours of Vacation Payoff (pay code 350), up to 160 hours, that a Legacy member retiree had on the books at the time of retirement, will be added to such retiree’s Final Average Compensation (“FAC”).

ii) All such retirees’ benefits will be recalculated using the increased FAC to obtain an increased Present Value of Future Benefits (“PVB”) for each member. The employee contributions owed to MCERA as a result of this increased pension benefit will be calculated with the actuarial rate of interest at the assumed rate of return for the period in question (“Assumed Rate of Return”), and will be subtracted from the PVB, and the benefit then will be divided by the appropriate annuity factor based on MCERA’s

DRAFT RESOLUTION – SUBJECT TO CHANGE

mortality tables. In addition, a lump sum amount will be paid to such retirees to reflect any amounts underpaid to them from July 12, 2014 to the date of the Correction, plus interest at the Assumed Rate of Return.

2) **Deferred members:** The same methodology as outlined for retirees (above) using the actuarial equivalent (PVB offset methodology) will be used when the qualifying deferred member retires from MCERA.

3) **Active members:** The actuary will reincorporate a “160 hour Vacation Payoff load” into member (and employer) normal cost contribution rates, effective as soon as practicable. Outstanding member contributions due upon retirement will be paid at that time.

4) **Reciprocal Members:**

i) Reciprocal Legacy members who first join MCERA prior to the date of this Resolution remain part of the Estoppel Class and will have the same corrections, as applicable, as provided to Legacy members outlined above.

ii) Reciprocal members who first join MCERA on or after the date on which the MCERA Board adopts this Resolution are not included in the Estoppel Class. Accordingly, a new tier (“County Tier 3R” and “Court Tier 2R”) will be created for all reciprocal members first joining MCERA on or after the date of this Resolution, which will exclude Vacation Payoffs from compensation earnable/final compensation calculations. Accordingly, County Tier 3R and Court Tier 2R members also will not have the Vacation Payoff load included in their contribution rates.

5) **Terminated and Refunded:** If an active MCERA Legacy member redeposits previously withdrawn contributions on or after the date of this Resolution, the redeposit amount will be calculated to include (if applicable) all pay codes addressed herein, as provided above.

ADOPTED: _____, 2018

Aye:

Nay:

Abstain:

Absent:

Darlene Ingersoll, Chair
Board of Retirement, Merced County
Employees’ Retirement Association

ATTEST:

DRAFT RESOLUTION – SUBJECT TO CHANGE

Kristen Santos, Plan Administrator

**Merced County Employees' Retirement Association (MCERA)
RETIREMENT BOARD AGENDA ITEM**

DATE: February 8, 2018

TO: MCERA Board of Retirement
FROM: Kristie Santos, Plan Administrator

SUBJECT: Cost of Living Adjustment (COLA) rate for Tier 1 retired members effective April 1, 2018

ITEM NUMBER: 2

ITEM TYPE: Action

STAFF RECOMMENDATION:

1. Approve Cost of Living Adjustment (COLA) rate for Tier 1 retired members effective April 1, 2018.

DISCUSSION:

The cost of living adjustment (COLA) is determined annually based on increases in the December Consumer Price Index (CPI) for All Urban Consumers in the San Francisco-Oakland-San Jose area, using a base period of 1982-1984. The ratio is calculated and rounded to the nearest one-half percent. Pursuant to the scope of retainer services under Cheiron's agreement to provide actuarial services to Merced CERA, they have computed the Cost of Living Adjustment (COLA) percentages to be used by MCERA as of April 1, 2018. The calculations outlined in the attached letter have been performed in accordance with 31870.1 of the County Employees' Retirement Law of 1937.

Per Cheiron, the CPIs described above were 277.414 and 269.483 for 2017 and 2016, respectively. This represents an increase of 2.94%, which is subsequently rounded to 3.00%. As a point of comparison, the U.S. City CPI increased by only 2.11% over the same time period. The difference between the rates of increase in the Bay Area versus the U.S. average CPI was driven by the high rate of housing inflation (referred to as the "Shelter" component by the Bureau of Labor and Statistics) in the Bay Area. The increase in the average Bay Area CPI for all items excluding shelter was only 1.96% during the period.

Tier 1 members are subject to the provisions of County Employees Retirement Law of 1937 Section 31870.1, which limits annual COLA increases to 3.00% annually. Therefore, these members should receive an increase in benefits of 3.00% as of April 1, 2018. The attached exhibit summarizes the COLA calculations. Non-Tier 1 members do not receive an automatic COLA from the Association.



Via Electronic Mail

January 25, 2018

Ms. Kristen Santos
Plan Administrator
Merced County Employees' Retirement Association
3199 M Street
Merced, CA 95348

Re: Cost of Living Adjustment (COLA) as of April 1, 2018

Dear Kristie:

Pursuant to the scope of retainer services under Cheiron's agreement to provide actuarial services to Merced CERA, we have computed the Cost of Living Adjustment (COLA) percentages to be used by the Association as of April 1, 2018. The calculations outlined herein have been performed in accordance with 31870.1 of the County Employees' Retirement Law of 1937.

Background

The cost of living adjustment (COLA) is determined annually based on increases in the December Consumer Price Index (CPI) for All Urban Consumers in the San Francisco-Oakland-San Jose area, using a base period of 1982-1984. The ratio is calculated and rounded to the nearest one-half percent.

COLA Calculations

The CPIs described above were 277.414 and 269.483 for 2017 and 2016, respectively. This represents an increase of 2.94%, which is subsequently rounded to 3.00%. As a point of comparison, the U.S. City CPI increased by only 2.11% over the same time period. The difference between the rates of increase in the Bay Area versus the U.S. average CPI was driven by the high rate of housing inflation (referred to as the "Shelter" component by the Bureau of Labor and Statistics) in the Bay Area. The increase in the average Bay Area CPI for all items excluding shelter was only 1.96% during the period.

Tier 1 members are subject to the provisions of Section 31870.1, which limits annual COLA increases to 3.00% annually. Therefore, these members should receive an increase in benefits of 3.00%, based on the current year change in the CPI, with no change in the accumulated carry-over balances from those as of April 1, 2017. The enclosed exhibit summarizes the COLA calculations and carry-over balances for these members. Non-Tier 1 members do not receive an automatic COLA from the Association.

Ms. Kristen Santos
January 25, 2018
Page 2

Sincerely,
Cheiron



David Holland, FSA, MAAA, EA
Consulting Actuary



Graham Schmidt, ASA, FCA, MAAA, EA
Consulting Actuary

Exhibit

EXHIBIT

MERCED COUNTY EMPLOYEES' RETIREMENT ASSOCIATION					
COST OF LIVING ADJUSTMENTS (COLA) - Section 31870.1					
As of April 1, 2018					
Maximum Annual COLA:		3.0%			
Initial Retirement Date	April 1, 2017	Increase in the Annual Average CPI ¹		April 1, 2018	
	Accumulated Carry-Over			COLA	Accumulated Carry-Over
	(A)	Actual (B)	Rounded (C)	(D)	(E)
On or Before 7/1/1967	76.0%	2.94%	3.0%	3.0%	76.0%
07/02/1967 to 07/01/1968	75.5%	2.94%	3.0%	3.0%	75.5%
07/02/1968 to 04/01/1969	74.5%	2.94%	3.0%	3.0%	74.5%
04/02/1969 to 04/01/1970	72.0%	2.94%	3.0%	3.0%	72.0%
04/02/1970 to 04/01/1971	68.5%	2.94%	3.0%	3.0%	68.5%
04/02/1971 to 04/01/1972	65.5%	2.94%	3.0%	3.0%	65.5%
04/02/1972 to 04/01/1973	63.5%	2.94%	3.0%	3.0%	63.5%
04/02/1973 to 04/01/1974	62.0%	2.94%	3.0%	3.0%	62.0%
04/02/1974 to 04/01/1975	58.0%	2.94%	3.0%	3.0%	58.0%
04/02/1975 to 04/01/1976	51.0%	2.94%	3.0%	3.0%	51.0%
04/02/1976 to 04/01/1977	44.0%	2.94%	3.0%	3.0%	44.0%
04/02/1977 to 04/01/1978	41.5%	2.94%	3.0%	3.0%	41.5%
04/02/1978 to 04/01/1979	37.0%	2.94%	3.0%	3.0%	37.0%
04/02/1979 to 04/01/1980	30.5%	2.94%	3.0%	3.0%	30.5%
04/02/1980 to 04/01/1981	25.0%	2.94%	3.0%	3.0%	25.0%
04/02/1981 to 04/01/1982	13.0%	2.94%	3.0%	3.0%	13.0%
04/02/1982 to 04/01/1983	3.0%	2.94%	3.0%	3.0%	3.0%
04/02/1983 to 04/01/1984	0.5%	2.94%	3.0%	3.0%	0.5%
04/02/1984 to 04/01/1985	0.5%	2.94%	3.0%	3.0%	0.5%
04/02/1985 to 04/01/1986	0.5%	2.94%	3.0%	3.0%	0.5%
04/02/1986 to 04/01/1987	0.5%	2.94%	3.0%	3.0%	0.5%
04/02/1987 to 04/01/1988	0.5%	2.94%	3.0%	3.0%	0.5%
04/02/1988 to 04/01/1989	0.5%	2.94%	3.0%	3.0%	0.5%
04/02/1989 to 04/01/1990	0.5%	2.94%	3.0%	3.0%	0.5%
04/02/1990 to 04/01/1991	0.5%	2.94%	3.0%	3.0%	0.5%
04/02/1991 to 04/01/1992	0.5%	2.94%	3.0%	3.0%	0.5%
04/02/1992 to 04/01/1993	0.5%	2.94%	3.0%	3.0%	0.5%
04/02/1993 to 04/01/1994	0.5%	2.94%	3.0%	3.0%	0.5%
04/02/1994 to 04/01/1995	0.5%	2.94%	3.0%	3.0%	0.5%
04/02/1995 to 04/01/1996	0.5%	2.94%	3.0%	3.0%	0.5%
04/02/1996 to 04/01/1997	0.5%	2.94%	3.0%	3.0%	0.5%
04/02/1997 to 04/01/1998	0.5%	2.94%	3.0%	3.0%	0.5%
04/02/1998 to 04/01/1999	0.5%	2.94%	3.0%	3.0%	0.5%
04/02/1999 to 04/01/2000	0.5%	2.94%	3.0%	3.0%	0.5%
04/02/2000 to 04/01/2001	0.5%	2.94%	3.0%	3.0%	0.5%
04/02/2001 to 04/01/2002	0.5%	2.94%	3.0%	3.0%	0.5%
04/02/2002 to 04/01/2003	0.5%	2.94%	3.0%	3.0%	0.5%
04/02/2003 to 04/01/2004	0.5%	2.94%	3.0%	3.0%	0.5%
04/02/2004 to 04/01/2005	0.5%	2.94%	3.0%	3.0%	0.5%
04/02/2005 to 04/01/2006	0.5%	2.94%	3.0%	3.0%	0.5%
04/02/2006 to 04/01/2007	0.5%	2.94%	3.0%	3.0%	0.5%
04/02/2007 to 04/01/2008	0.5%	2.94%	3.0%	3.0%	0.5%
04/02/2008 to 04/01/2009	0.5%	2.94%	3.0%	3.0%	0.5%
04/02/2009 to 04/01/2010	0.5%	2.94%	3.0%	3.0%	0.5%
04/02/2010 to 04/01/2011	0.5%	2.94%	3.0%	3.0%	0.5%
04/02/2011 to 04/01/2012	0.5%	2.94%	3.0%	3.0%	0.5%
04/02/2012 to 04/01/2013	0.5%	2.94%	3.0%	3.0%	0.5%
04/02/2013 to 04/01/2014	0.5%	2.94%	3.0%	3.0%	0.5%
04/02/2014 to 04/01/2015	0.5%	2.94%	3.0%	3.0%	0.5%
04/02/2015 to 04/01/2016	0.5%	2.94%	3.0%	3.0%	0.5%
04/02/2016 to 04/01/2017	0.5%	2.94%	3.0%	3.0%	0.5%
04/02/2017 to 04/01/2018	0.0%	2.94%	3.0%	3.0%	0.0%

¹ All Urban Consumers, San Francisco-Oakland-San Jose Area (1982-84 base). (G.C. 31870.1)



Item 4

Merced County Employees' Retirement Association
 Quarterly Budget Report
 For the Fiscal Quarter Ending December 31, 2017

Professional Service Budget										
	Appropriation	Q1 Expended	Q1 %	Q2 Expended	Q2 %	Total Expended	Remaining Appropriation	% Exp	Current Encumbrances	Available/Unrealized
21800 Professional & Special Services	\$ 2,800,000.00	\$ 216,381.41	8%	\$ 889,180.88	32%	1,105,562.29	\$ 1,694,437.71	39%	505.00	\$ 1,693,932.71
21802 Prof & Spec Serv-Actuarial Service	58,000.00	-	0%	17,111.25	30%	17,111.25	40,888.75	30%	-	40,888.75
21812 Prof & Spec Serv-Data Processing	175,463.00	16,373.50	9%	38,022.98	22%	54,396.48	121,066.52	31%	-	121,066.52
21840 Prof & Spec Sv-Administrative Serv	103,000.00	2,489.11	2%	53,054.80	52%	55,543.91	47,456.09	54%	-	47,456.09
22350 Spec Dept Exp-Software	208,000.00	76,085.18	37%	46,287.00	22%	122,372.18	85,627.82	59%	-	85,627.82
Total Professional Service Budget	\$ 3,344,463.00	\$ 311,329.20	9%	\$ 1,043,656.91	w	\$ 1,354,986.11	\$ 1,989,476.89	41%	\$ 505.00	\$ 1,988,971.89
Capital Asset Budget										
	Appropriation	Q1 Expended	Q1 %	Q2 Expended	Q2 %	Total Expended	Remaining Appropriation	% Exp	Current Encumbrances	Available/Unrealized
82167 Board Room Audio Visual	\$ 10,000.00	\$ 4,317.00	43%	\$ 5,622.14	56%	9,939.14	\$ 60.86	99%	-	\$ 60.86
No Acct Software Upgrade	120,000.00	-	-	-	-	-	\$ 120,000.00	0%	-	\$ 120,000.00
Total Capital Asset Budget	\$ 130,000.00	\$ 4,317.00	3%	\$ 5,622.14	4%	\$ 9,939.14	\$ 120,060.86	8%	\$ -	\$ 120,060.86
Administrative Service Budget										
	Appropriation	Q1 Expended	Q1 %	Q2 Expended	Q2 %	Total Expended	Remaining Appropriation	% Exp	Current Encumbrances	Available/Unrealized
10110 Salaries And Wages	\$ 1,187,360.83	\$ 204,766.43	17%	\$ 277,150.22	23%	481,916.65	\$ 705,444.18	41%	-	\$ 705,444.18
20600 Communications	5,050.00	709.67	14%	1,032.78	20%	1,742.45	3,307.55	35%	-	3,307.55
20900 Household Expense	9,700.00	2,077.97	21%	1,552.09	16%	3,630.06	6,069.94	37%	-	6,069.94
21000 Insurance-Other	85,000.00	79,999.00	94%	-	0%	79,999.00	5,001.00	94%	-	5,001.00
21001 Insurance-General Liability	3,072.00	571.76	19%	778.17	25%	1,349.93	1,722.07	44%	-	1,722.07
21200 Maintenance-Equipment	4,634.60	409.52	9%	1,679.85	36%	2,089.37	2,545.23	45%	-	2,545.23
21301 Maint Struct Improvements & Gr	12,000.00	2,916.80	24%	7,168.45	60%	10,085.25	1,914.75	84%	-	1,914.75
21500 Membership	6,500.00	4,000.00	62%	160.00	2%	4,160.00	2,340.00	64%	-	2,340.00
21700 Office Expense-General	11,000.00	1,989.26	18%	1,560.08	14%	3,549.34	7,450.66	32%	-	7,450.66
21710 Office Expense-Postage	15,750.00	2,073.84	13%	3,100.87	20%	5,174.71	10,575.29	33%	-	10,575.29
21805 Prof & Spec Serv-Audits	55,000.00	27,794.79	51%	10,835.65	20%	38,630.44	16,369.56	70%	-	16,369.56
21808 Prof & Spec Serv-Bd Membership Fee	12,000.00	1,500.00	13%	2,500.00	21%	4,000.00	8,000.00	33%	1,000.00	7,000.00
21811 Prof & Spec Serv-Court Reporters	2,000.00	350.00	18%	1,040.00	52%	1,390.00	610.00	70%	-	610.00
21814 Prof & Spec Serv-Medical Exams	25,000.00	-	0%	-	0%	-	25,000.00	0%	-	25,000.00
21816 Prof & Spec Serv-Medical Services	80,000.00	14,650.00	18%	7,760.00	10%	22,410.00	57,590.00	28%	-	57,590.00
21834 Prof & Spec Serv-Legal Services	175,000.00	795.00	0%	13,206.90	8%	14,001.90	160,998.10	8%	-	160,998.10
21872 Prof & Spec Serv-Investigations	1,000.00	-	0%	-	0%	-	1,000.00	0%	-	1,000.00
21900 Publications & Legal Notices	700.00	-	0%	-	0%	-	700.00	0%	-	700.00
22300 Spec Dept Expense-Other	500.00	-	0%	-	0%	-	500.00	0%	-	500.00
22327 Spec Dept Exp-Cost Allocation Plan	200,230.00	50,162.49	25%	50,162.49	25%	100,324.98	99,905.02	50%	-	99,905.02
22500 Transportation & Travel	800.00	35.31	4%	40.13	5%	75.44	724.56	9%	-	724.56
22505 Trans & Travel-Staff Development	4,000.00	-	0%	-	0%	-	4,000.00	0%	-	4,000.00
22515 Trans & Travel-In State Overnite	55,000.00	6,503.80	12%	4,928.24	9%	11,432.04	43,567.96	21%	-	43,567.96
22516 Trans & Travel-Out Of State	3,000.00	-	0%	-	0%	-	3,000.00	0%	-	3,000.00
22527 Trans & Travel-Expense/Car Allow	14,000.00	2,538.53	18%	3,230.85	23%	5,769.38	8,230.62	41%	-	8,230.62
22600 Utilities	12,000.00	2,682.60	22%	3,052.85	25%	5,735.45	6,264.55	48%	-	6,264.55
Total Administrative Service Budget	1,980,297.43	406,526.77	21%	390,939.62	20%	797,466.39	1,182,831.04	40%	1,000.00	1,181,831.04
Total MCERA	\$ 5,454,760.43	\$ 722,172.97	13%	\$ 1,440,218.67	26%	\$ 2,162,391.64	\$ 3,292,368.79	40%	\$ 1,505.00	\$ 3,290,863.79



January 9, 2018

To: SACRS Trustees & SACRS Administrators/CEO's
 From: Ray McCray, SACRS Immediate Past President, Nominating Committee Chair
 SACRS Nominating Committee
 Re: SACRS Board of Director Elections 2018-2019 Elections

SACRS BOD 2018-2019 election process will begin **January 2018**. Please review the following timeline and distribute to your Board of Trustees.

DEADLINE	DESCRIPTION
March 1, 2018	Any regular member may submit nominations for the election of a Director to the Nominating Committee, provided the Nominating Committee receives those nominations prior to the first Business Day after March 1 of each calendar year. Nominations shall not be accepted from the floor on the day of the election.
March 25, 2018	The Nominating Committee will report a final ballot to each regular member County Retirement System prior to March 25.
May 18, 2018	Nominating Committee to conduct elections during the SACRS Business Meeting at the Spring Conference (May 15-18, 2018).
May 18, 2018	Board of Directors take office for 1 year

Per SACRS Bylaws, Article VIII, Section 1. Board of Director and Section 2. Elections of Directors:

Section 1. Board of Directors. The Board shall consist of the officers of SACRS as described in Article VI, Section 1, the immediately Past President, and two (2) regular members.

- A. Immediate Past President. The immediate Past President, while he or she is a regular member of SACRS, shall also be a member of the Board. In the event the immediate Past President is unable to serve on the Board, the most recent Past President who qualifies shall serve as a member of the Board.
- B. Two (2) Regular Members. Two (2) regular members shall also be members of the Board with full voting rights.

Section 2. Elections of Directors. Any regular member may submit nominations for the election of a Director to the Nominating Committee, provided the Nominating Committee receives those nominations prior to the first Business Day after March 1 of each calendar year. Nominations shall not be accepted from the floor on the day of the election.

The Nominating Committee will report a final ballot to each regular member County Retirement System prior to March 25.

The Administrator of each regular member County Retirement System shall be responsible for communicating the Nominating Committee's recommended ballot and final ballot to each trustee and



placing the election of SACRS Directors on his or her board agenda. The Administrator shall acknowledge the completion of these responsibilities with the Nominating Committee.

Director elections shall take place during the first regular meeting of each calendar year. The election shall be conducted by an open roll call vote, and shall conform with Article V, Sections 6 and 7 of the Bylaws.

Newly elected Directors shall assume their duties at the conclusion of the meeting at which they are elected, with the exception of the office of Treasurer. The incumbent Treasurer shall co-serve with the newly elected Treasurer through the completion of the current fiscal year.

Interested candidates should submit their letter of intent and the form included in this letter to the Nominating Committee no later than the cut-off dates listed in the schedule. Candidates may submit for only one position on the Board:

- President
- Vice President
- Treasurer
- Secretary
- Regular Member 1
- Regular Member 2

The elections will be held at the SACRS Spring Conference May 15 – 18, 2018 at the Anaheim Marriott, Anaheim, CA. Elections will be held during the Annual Business meeting on Friday, May 18, 2018.

If you have any questions, please contact me at Ray McCray, raym1@sbcglobal.net or (209) 417-4472.

Thank you for your prompt attention to this timely matter.

Sincerely,

Ray McCray

Ray McCray, San Joaquin CERA Trustee
SACRS Nominating Committee Chair

CC: SACRS Board of Directors
SACRS Nominating Committee Members
Sulema H. Peterson, SACRS Administrator



**SACRS Nomination Submission Form
SACRS Board of Directors Elections 2018-2019**

All interested candidates must complete this form and submit it along with a letter of intent. **Both the form and the letter of intent must be submitted no later than March 1, 2018.** Please submit to the Nominating Committee Chair at raym1@sbcglobal.net or to SACRS at sulema@sacrs.org. If you have any questions, please feel free to contact Sulema Peterson at SACRS at (916) 441-1850.

Name of Candidate	
Candidate Contact Information (Phone Number, Email Address and Mailing Address MUST be included)	
Name of Retirement System Candidate Currently Serves On	
Current Position On Retirement Board (Chair, Alternate, Retiree, General Elected, Etc)	
Applying for SACRS Board of Directors Position (You may only select one)	<ul style="list-style-type: none"><input type="radio"/> President<input type="radio"/> Vice President<input type="radio"/> Treasurer<input type="radio"/> Secretary<input type="radio"/> Regular Member
Brief Bio	