

# MCERA PENSION

**INSIDE THIS ISSUE:**

AB 197 UPDATE

INVESTMENT RESULTS

PERSONNEL

BOARD MEETING DATES FOR 2015

PENSION ADMINISTRATION

**Merced County Employees' Retirement Association**

3199 M Street

Merced, CA 95348

209-725-3636 Phone

209-725-3637 Fax

Mcera@co.merced.ca.us  
Email

www.mcera.merced.ca.us  
Website

The next MCERA Brown Bag Lunch is November 19, 2014 12:00 noon at the MCERA Office 3199 M Street, Merced

## UPDATE ON AB 197 LITIGATION

The July MCERA Pension newsletter reported information about a May 12, 2014 judgment by the Merced County Superior Court which significantly limited the use of vacation payout for calculating “compensation earnable” for retirement pension purposes. At that time the judgment permitted employees who retire before a specific date and had accumulated “banked” vacation hours to have their cashed-out -vacation terminal pay included in their final compensation calculation.

However, MCERA was subsequently advised by counsel that the State of California had appealed Judge Flinn’s May 12th judgment in the case of American Federation of State, County and Municipal Employees, Local 2703, AFL-CIO , et al v. Merced County Employees’ Retirement Association, et al. As a result of this appeal, effective July 11, 2014 any MCERA members who retire after July 11, 2014 would not, at least during the pendency of the appeal, be able to have any cashed out vacation hours (terminal pay) counted as pension-

able compensation for retirement purposes.

While it is possible that the Court of Appeals may ultimately affirm Judge Flinn’s Judgment, at which time, MCERA members may prospectively, and possibly retroactively, be able to have cashed out hours counted or re-counted as part of pensionable compensation for retirement purposes, it is also possible that Judge Flinn’s Judgment will be reversed/overturned and no cash out will be counted as pensionable compensation.

We will have to see what is ultimately decided in this action which may take months or years.



# INVESTMENTS

Investment results for the second quarter of 2014 were better than the assumed rate. Actual returns of 3.7% exceeded the goal for the quarter of 1.9%.

For the fiscal year the fund earned 17.9%, well ahead of the long term assumption of 7.75%. The fund recently surpassed \$650 million, an all time high.

In December 2013 the Board adopted a new asset allocation. The asset allocation includes several new asset classes. Since December the Board has been very active in education on these new asset classes and completing RFPs. These include: hedge funds and bank loans. Discussions of infrastructure are underway.



- Retirement Board**
- Michael Rhodes, Chair
  - David Ness, Vice Chair
  - Alfonse Peterson,  
Secretary
  - Karen Adams
  - Mark Bodley
  - Darlene Ingersoll
  - Deidre Kelsey
  - Ronald Kinchloe
  - Jim Pacheco
  - Scott Johnston

## PERSONNEL

David “Bren” Horrocks was promoted from Accountant to Retirement Fiscal Supervisor. While Bren has many attributes, the most notable is his commitment to get the job done right.

Mark Harman was hired as an Accountant. He began August 25th.

Angelo Lamas, Brenda Mojica, and Sheri Villagrana have taken continuing education courses from CALAPRS (California Association of Public Retirement Systems).

## PENSION ADMINISTRATION

As detailed in the July 2014 Newsletter, there are two significant projects that staff has worked on recently. The annual statement (CAFR) is in the hands of the auditor.

After five years of hard work, the Pension Administration System is nearly complete. Staff has worked very hard on this and has earned praise and appreciation.

- MCERA Board Meetings**
- October 9, 2014
  - October 23, 2014
  - November 20, 2014
  - December 11, 2014
- Tentatively, meetings in 2015 will be held on the second and fourth Thursday of every month.
- Meetings begin at 8:15 am**