

**MercedCERA RETIREMENT BOARD AGENDA  
THURSDAY, AUGUST 11, 2022 – 8:15 A.M.  
MERCED COUNTY EMPLOYEES’ RETIREMENT ASSOCIATION**

**MERCED COUNTY ADMINISTRATION BUILDING  
2222 M STREET, MERCED  
LOS BANOS AND LIVINGSTON CONFERENCE ROOMS, BASEMENT  
ZOOM CONFERENCE**

<https://us06web.zoom.us/j/93030195748?pwd=NGhFeGltSVhaSTlsK2JGWE83TVFvdz09>  
**DIAL IN NUMBER: 669-900-6833, MEETING ID: 930 3019 5748, PASSCODE: 095484**  
(FOR USE ONLY IF ZOOM CONNECTION MALFUNCTIONS)  
TELEPHONE NUMBER: 1-310-372-7549, CONFERENCE CODE: 975839

**CALL TO ORDER** - 8:15 A.M.

**Important Notice Regarding SARS-COV-2**

In order to minimize the spread of COVID-19, the Board of Retirement is meeting at the County of Merced Administration Building conference center to provide for sufficient social distancing for the Board and members of the public. Additionally, members of the MercedCERA Board as well as members of the public may elect to participate in this meeting offsite via conference call. Members of the public may attend the meeting in person or listen to the meeting and offer public comment telephonically by calling into the telephone number provided above and entering the stated conference code. If you have any issues participating in the meeting telephonically or require reasonable accommodation for your participation, please contact MercedCERA staff at 209-726-2724. Please turn your cell phone or other electronic device to non-audible mode.

**ROLL CALL**

**APPROVAL OF MINUTES** – July 28, 2022

**PUBLIC COMMENT**

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

**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. Figueroa, Alfredo   | RWMA JPA            | 13 Yrs. Svc. | Eff: 07/25/2022 |
| b. St. Marie, Kathleen | Sheriff-Corrections | 23 Yrs. Svc. | Eff: 07/18/2022 |

YTD fiscal year 2022/2023 retirees: 09

YTD fiscal year 2021/2022 retirees: 96

YTD fiscal year 2020/2021 retirees: 89

**MONTHLY BUDGET REPORT: Is delayed due to year end.**

**VIRTUAL MEETINGS:** Reaffirm the adoption of Merced County Employee's Retirement Association Resolution No. 2021-02, and its findings that the Governor's proclaimed state of emergency related to the COVID-19 pandemic remains active, that the state of emergency impacts the ability of the Trustees and public to safely meet in person, and state or local officials continue to impose or recommend measures to promote social distancing.

**Rebalancing Transactions:**

<b>Buy</b>	<b>Sell</b>	<b>Fund Name</b>	<b>Comments</b>
	\$63.2m	Mellon Newton Dynamic	Completed
\$63.2m		BNY Mellon Large Cap	Completed
	\$6m	Barrow Hanley	Completed
	\$6m	Vanguard Total Bond Market Index	Completed
\$8.2m		Artisan Developing World	Completed
\$3.8m		Redwheel (RWC)	Transaction will settle on 9/1

**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) CONFERENCE WITH REAL PROPERTY NEGOTIATORS**

(Gov. Code section 54956.8.)

Property: 3199 M St. Merced, CA

Agency negotiator: Loren Gonella

Negotiating parties: Robert Dylina

Under negotiation: Sale Price, Terms of Payment

**RETURN TO OPEN SESSION**

Report on any action taken in closed session.

**BOARD ACTION/DISCUSSION**

1. Discussion and possible action to adopt the Resolution for the Chief Investment Officer and adjust salary range of the position – Staff.
2. Discussion regarding an update on MercedCERA's CPAS pension system – Staff.
3. Discussion with Raven Capital Management– Josh Green.

4. Review calendar of any training sessions and authorize expenditures for Trustees and Plan Administrator. Pursuant to Govt. Code § 31522.8 and MercedCERA's Trustees Education and Training Policy requirements. Examples of upcoming training and educational sessions:
  - CALAPRS Principles for Pension Governance for Trustees, August 29-September 1, 2022, Tiburon, CA.
  - Administrator's Institute (for Plan Administrator only), September 28 - 30, 2022, Long Beach, CA.
  - SACRS Fall Conference, November 8 - 11, 2022, Long Beach, CA (registration not currently open).
  - CALAPRS General Assembly, March 4 - 7, 2023 Monterey, CA (registration not currently open)

## **INFORMATION ONLY**

### **MercedCERA UPCOMING BOARD MEETINGS**

Please note: The MercedCERA Board Meeting and/or Education Day times and dates may be changed in accordance with the Ralph M. Brown Act by the MercedCERA Board as required.

- August 25, 2022
- September 8, 2022

## **ADJOURNMENT**

The Agenda and supporting documentation, including any material that was submitted to the Merced County Employees' Retirement Association Board after the distribution of the Agenda, are available online at [www.co.merced.ca.us/retirement](http://www.co.merced.ca.us/retirement).

All supporting documentation for Agenda items, including any material that was submitted to the retirement board after the distribution of the Agenda, is also available for public inspection Monday through Friday from 8:00 a.m. to 5:00 p.m. at the administrative office for the Merced County Employees' Retirement Association located at 3199 M Street, Merced, California 95348.

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' 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.

Persons who require accommodation for any audio, visual or other disability or Spanish or Hmong interpretation 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. Please address your written request to Merced County Employees' 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.

Spanish and Hmong interpreters are available.

Interpretes de espanol y hmong estan disponibles.

Peb muaj tug paab txhais lug Mev hab Hmoob.

**MercedCERA RETIREMENT BOARD MINUTES  
THURSDAY, JULY 28, 2022 – 8:15 A.M.  
MERCED COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**

**MERCED COUNTY ADMINISTRATION BUILDING  
2222 M STREET, MERCED  
LIVINGSTON AND LOS BANOS CONFERENCE ROOMS, BASEMENT  
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**DIAL IN NUMBER: 669-900-6833, MEETING ID: 930 3019 5748, PASSCODE: 095484**

**(FOR USE ONLY IF ZOOM CONNECTION MALFUNCTIONS)**

**TELEPHONE NUMBER: 1-310-372-7549, CONFERENCE CODE: 975839**

**CALL TO ORDER - 8:15 A.M.**

**ROLL CALL**

**Board Members Present:** Ryan Paskin, Alfonse Peterson, Scott Silveira (arrived at 8:23AM), Scott Johnston, David Ness, Janey Cabral, Mike Harris, Wendy Alvares, Aaron Rosenberg (arrived at 8:17AM) and Karen Adams. **Counsel:** Jeff Grant. **Staff:** Kristen Santos, Brenda Mojica, Monica Gallegos, Kenter Ludlow and Wendy Calderon.

**APPROVAL OF MINUTES – July 14, 2022**

**The MercedCERA Board voted unanimously via roll call vote to approve the July 14, 2022 meeting minutes with the correction to reflect that during roll call, all trustees were present at the meeting.**

**Johnston/Peterson U/A (7/0)**

**PUBLIC COMMENT**

**No comment.**

**CLOSED SESSION**

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

(Government Code § 54957, subdivision (a))

Consultation with: Staff.

**RETURN TO OPEN SESSION**

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

(Government Code § 54957, subdivision (a))

Consultation with: Staff.

**The MercedCERA Board voted unanimously for staff to follow MercedCERA Board's direction.**

**Adams/Johnston U/A (8/0)**

**BOARD ACTION/DISCUSSION**

1. Discussion and possible action on monthly and/or quarterly performance and possible action on any funds or managers – Meketa.

**No action taken.**

2. Discussion and possible action on presentation regarding Stagflation – Alison Adams, Meketa.

**No action taken.**

3. Review calendar of any training sessions and authorize expenditures for Trustees and Plan Administrator. Pursuant to Govt. Code § 31522.8 and MercedCERA’s Trustees Education and Training Policy requirements. Examples of upcoming training and educational sessions:

- CALAPRS Principles for Pension Governance for Trustees, August 29-September 1, 2022, Tiburon, CA.
- Administrator’s Institute (for Plan Administrator only), September 28 - 30, 2022, Long Beach, CA.
- SACRS Fall Conference, November 8 - 11, 2022, Long Beach, CA (registration not currently open).
- CALAPRS General Assembly, March 4 - 7, 2023 Monterey, CA (registration not currently open)

**No action taken.**

**INFORMATION ONLY**

Trustee Paskin - Investment subcommittee meeting will be held after this meeting is adjourned. Announced that this is Wendy Alvares’ last MercedCERA Board meeting.

Trustee Alvares - Thanked the MercedCERA Board for the opportunity to serve.

Trustee Silveira - Thanked Wendy Alvares for her service.

Trustee Adams - Encouraged trustees to attend the UC Berkeley SACRS Training and thanked Wendy Alvares for her service.

Trustee Peterson- Thanked Wendy Alvares for her service.

Trustee Harris - Thanked Wendy Alvares for her service.

Plan Administrator Santos - Thanks Wendy Alvares for her service and her assistance.

**MercedCERA UPCOMING BOARD MEETINGS**

Please note: The MercedCERA Board Meeting and/or Education Day times and dates may be changed in accordance with the Ralph M. Brown Act by the MercedCERA Board as required.

- August 11, 2022
- August 26, 2022

**ADJOURNMENT**

The meeting adjourned at 9:17 A.M.

Accepted By,

Trustee Name/Position	Signature	Date
Ryan Paskin/ Chair		
Al Peterson/Secretary		



Merced County Employees' Retirement Association

**Date:** August 11, 2022

**To:** MercedCERA Board of Retirement

**From:** Kristie Santos, Plan Administrator

**Subject:** Resolution pertaining to the Chief Investment Officer Classification.

**Item Number:** 1

**Item Type:** Action

**Staff Recommendation:**

1. Adopt the proposed Resolution which includes changes to the salary bands for the Chief Investment Officer classification.

**Discussion:** On July 19, 2022, the Merced County Board of Supervisors passed Resolution 2022-74 adopting Government Code 21355.2 that provides for the appointment of Chief Investment Officers and Assistant Administrators by the MercedCERA Board of Retirement (attached).

The proposed Resolution being considered today clarified the Board of Retirement will be responsible for future merit increases and the position will get cost of living and other adjustments like all other county employees.

Also included in the Resolution for consideration by the Board of Retirement is an increase of the salary bands for the Chief Investment Officer. The salary bands being proposed are designed to give the Board of Retirement a wide range of options for this position going forward; options in terms of where a candidate can start (starting salary) based on experience, the ability for the Board to grant merit increases over a period of time and hopefully improve employee retention for this classification (which can have high turnover as shown in other pension systems). The salary bands were determined by conducting a regression analysis of all California public pension systems with CIO's and total assets under management (AUM). With 67% confidence, there is a correlation of AUM and the CIO's pay. The midpoint of \$227,655 was calculated for the MercedCERA's CIO proposed pay and then based on that amount, the range was determined to be \$163,491 to \$291,819. The proposed Resolution states the following:

1. Adopts a salary range of \$163,491 to \$291,819 for the CIO position. That range will be increased as provided for in salary increases given to County employees classified as Bargaining Unit B Level Unrepresented Management,
2. The Board of Retirement will conduct a yearly review of the CIO's performance as near as practicable to the anniversary date of the CIO's appointment date. In that review, the Board of Retirement may award the CIO up to a five percent merit raise. A raise may not exceed the maximum salary for the CIO position that has

been included in the salary ordinance or salary resolution adopted by the Board of Supervisors for the compensation of County officers and employees.

3. The Chief Investment Officer will automatically receive all salary increases provided to County employees classified as Bargaining Unit B Level Unrepresented Management.
4. At its discretion, the Board of Retirement may increase the CIO's salary at any time, and in any amount, up to the maximum salary for the CIO position that has been included in the salary ordinance or salary resolution adopted by the Board of Supervisors for the compensation of County officers and employees. However, the Board of Retirement may readjust the salary range for the CIO position at its discretion and by resolution.

Staff recommends the Board of Retirement adopt the proposed resolution as written.

**RESOLUTION OF THE BOARD OF RETIREMENT OF MERCED COUNTY  
EMPLOYEES' RETIREMENT ASSOCIATION RESOLUTION 2022-XX REGARDING  
THE POSITION OF CHIEF INVESTMENT OFFICER**

WHEREAS, Government Code section 31522.3 authorizes the Board of Retirement, if it has appointed personnel under Government Code section 31522.1, to appoint assistant administrators and chief investment officers as County employees not subject to County civil service or merit system rules provided that the Board of Supervisors has adopted a resolution making that section applicable in the County of Merced, and

WHEREAS, on July 19, 2022, the Board of Supervisors, in Resolution No. 2022-74, made Government Code section 31522.3 applicable in the County of Merced, and

WHEREAS, under Government Code section 31522.3, and Board of Supervisors Resolution No. 2022-74, the Board of Retirement has the authority to set the salary for the position of Chief Retirement Investment Officer (subsequently "Chief Investment Officer" or "CIO"), and

WHEREAS, the Board of Retirement desires to set the salary range and the process for raises within that range for the CIO position.

NOW, THEREFORE BE IT RESOLVED THAT, the Board of Retirement hereby adopts a salary range of \$163,491 to \$291,819 for the CIO position. That range will be increased as provided for in salary increases given to County employees classified as Bargaining Unit B Level Unrepresented Management.

BE IT FURTHER RESOLVED THAT, the Board of Retirement will set the CIO's salary at an amount that is within the range identified above, as may be amended, and salary increases within that range may occur as follows:

1. The Board of Retirement will conduct a yearly review of the CIO's performance as near as practicable to the anniversary date of the CIO's appointment date. In that review, the Board of Retirement may award the CIO up to a five percent merit raise. A raise may not exceed the maximum salary for the CIO position that has been included in the salary ordinance or salary resolution adopted by the Board of Supervisors for the compensation of County officers and employees.
2. The Chief Investment Officer will automatically receive all salary increases provided to County employees classified as Bargaining Unit B Level Unrepresented Management.
3. At its discretion, the Board of Retirement may increase the CIO's salary at any time, and in any amount, up to the maximum salary for the CIO position that has been included in the salary ordinance or salary resolution adopted by the Board of Supervisors for the compensation of County officers and employees. The Board of Retirement may readjust the salary range for CIO at its discretion.



ADOPTED: (insert date)

Aye:

Nay:

Abstain:

Absent:

---

Chair, Ryan Paskin

ATTEST:

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Kristen Santos, Plan Administrator



**BOARD AGENDA ITEM**

**BOARD DATE:** July 19, 2022  
**TO:** Board of Supervisors  
**FROM:** Kristie Santos, Plan Administrator for MercedCERA  
**SUBJECT:** Formal Request that the Merced County Board of Supervisors Adopt Government Code Section 31522.3

**RECOMMENDED ACTION(S):**

Adopt a resolution making Government Code section 31522.3 applicable in the County of Merced, which will grant appointment and oversight authority over assistant administrators and (chief) investment officers for the Merced County Employees' Retirement Association to the MercedCERA Board of Retirement.

**EXECUTIVE SUMMARY:**

The Merced County Employees' Retirement Association's (MercedCERA) Board of Retirement is formally requesting that the Merced County Board of Supervisors adopt Government Code section 31522.3, which will grant appointment and oversight authority of assistant administrators and (chief) investment officers for the Merced County Employees' Retirement Association to the MercedCERA Board of Retirement.

Investment governance is a major responsibility and fiduciary requirement for the MercedCERA Board of Retirement. Investment governance can include things such as detailed due diligence, performance reporting, performance monitoring, manager disposition, cash flow analysis, asset reconciliation, negotiating terms of new funds (both private and public) and manager relations.

**Continued on page 2**

**STAFFING IMPACT:** None by this action.

**FISCAL IMPACT:** None by this action.

**ATTACHMENTS:** Attachment A - Resolution

**REQUIRED REVIEW:**  Auditor  Admin Services  Risk  Counsel  CEO  
 Human Resources

**DEPARTMENT CONTACT:** Kristie Santos, Plan Administrator, (209) 726-2724

FOR BOARD STAFF USE ONLY

**BOARD ACTION: 7/19/2022**

**SILVEIRA/MCDANIEL – APPROVED RECOMMENDATION**

**RESOLUTION NO. 2022-74**

**TO: RE**

**EXECUTIVE SUMMARY** (continued from page 1):

Transparency in investments and the investment process has become a much greater issue in today's pension world, so too has the demand for resources dedicated to these functions. In the past, the traditional pension asset model of 65% equity, 35% fixed income, and a buy and hold strategy, required little oversight. Today's contemporary pension asset model is much more complex as funds look to non-traditional asset types to enhance returns. There is a need to have dedicated staff on hand that can devote their entire time to the principles of investment governance. MercedCERA must strive to create more accountability and responsibility from within and give MercedCERA, the Board and our stakeholders a greater sense of control, confidence and understanding regarding the investment process.

The solution to the investment governance issue is grounded in the idea of taking more responsibility, control and accountability for the process itself. It is critical that MercedCERA understand every aspect of the investment process, which in turn, will enhance the Board's overall comfort level. It is only natural that the MercedCERA Board play the greatest role in the investment decision-making process.

The investment area of MercedCERA touches nearly every part of the Organization. As such, the MercedCERA Board made the decision to create and recruit for an investment professional experienced in alternative investments. With the adoption of section 31522.3, according to the County Employees' Retirement Law of 1937 (CERL), the Retirement Board would have the authority to appoint and manage the investment position as part of the investment governance and oversight process.

The MercedCERA Board of Retirement formally asks the Merced County Board of Supervisors to adopt Government Code section 31522.3 which will facilitate the oversight of the (chief) investment position with the Retirement Board.

BEFORE THE BOARD OF SUPERVISORS  
OF THE COUNTY OF MERCED, STATE OF CALIFORNIA

IN THE MATTER OF:  
ADOPTING GOVERNMENT CODE SECTION  
31522.3 PROVIDING FOR APPOINTMENT OF  
ASSISTANT ADMINISTRATORS AND CHIEF  
INVESTMENT OFFICERS BY THE MERCED  
COUNTY EMPLOYEES' RETIREMENT  
ASSOCIATION'S BOARD OF RETIREMENT

**RESOLUTION NO. 2022-74**

WHEREAS, Government Code section 31522.1 of the County Employees Retirement Law of 1937 (the "CERL") authorizes the Board of Retirement of the Merced County Employees' Retirement Association (the "Association") to appoint such administrative, technical, and clerical personnel as are required to accomplish the necessary work of the Retirement Association; and

WHEREAS, on June 14, 1983, the Board of Retirement adopted Government Code section 31522.1; and

WHEREAS, Government Code section 31522.2 authorizes the Board of Retirement, if it has appointed personnel under Government Code section 31522.1, to appoint an administrator as a County employee exempt from County civil service and merit system rules, provided that the Board of Supervisors has adopted a resolution making that section applicable in the County of Merced; and

WHEREAS, on December 21, 1999, the Board of Supervisors, by resolution, made Government Code section 31522.2 applicable in the County of Merced and the Board of Retirement has subsequently appointed personnel to the position of administrator; and

WHEREAS, Government Code section 31522.3 authorizes the Board of Retirement, if it has appointed personnel under Government Code section 31522.1, to appoint assistant administrators and chief investment officers as County employees not subject to County civil service or merit system rules provided that the Board of Supervisors has adopted a resolution making that section applicable in the County of Merced; and

WHEREAS, under Article XVI, section 17, of the California Constitution and the CERL, the Board of Retirement has the plenary authority and fiduciary responsibility for the investment of moneys and administration of the system, and the Board of Retirement is the governing body for the employees it appoints; and

WHEREAS, the Board of Supervisors recognizes the need for and benefit to the Association of having assistant administrators and chief investment officers accountable to and appointed by the Board of Retirement.

NOW, THEREFORE, BE IT RESOLVED THAT, the Board of Supervisors hereby adopts and makes Government Code section 31522.3 applicable in the County of Merced.

BE IT FURTHER RESOLVED THAT, the Board of Supervisors acknowledges the Board of Retirement's authority over the administration of the retirement system, including but not limited to, the setting of salaries for personnel appointed by the Board of Retirement, and also acknowledges that such salaries as adopted by the Board of Retirement shall be included in the salary ordinance or salary resolution adopted by the Board of Supervisors for the compensation of County officers and employees.

BE IT FURTHER RESOLVED THAT, the Board of Supervisors and the Board of Retirement will cooperate in the following consultation process:

- A. Plan Administrator to meet with the County's Chief Executive Officer at least 90 days before it creates an additional position or classification for the Association under the authority granted under Government Code section 31522.3.
- B. It is understood by the Board of Supervisors and the Board of Retirement that the establishment of this consultation process is not intended to and shall not be interpreted to limit in any manner the existing authority of the Board of Retirement over the administration of the Retirement System, including, but not limited to, the setting of salaries for appointed personnel

I, **RAUL LOMELI MENDEZ**, Clerk of the Board of Supervisors of the County of Merced, do hereby certify that the foregoing resolution was regularly introduced, passed and adopted by said Board at a regular meeting thereof held on the 19<sup>th</sup> of July, 2022 by the following vote:

**SUPERVISORS:**

AYES: Lloyd Pareira Jr., Rodrigo Espinoza, Josh Pedrozo, Daron McDaniel, Scott Silveira

NOES: None

ABSENT: None

ABSTENTIONS: None

WITNESS my hand and the Seal of this Board this 19<sup>th</sup> day of July, 2022.

Raul Lomeli Mendez, Clerk

By: Stacy Coolen  
Deputy





Merced County Employees' Retirement Association

**Date:** August 11, 2022

**To:** MercedCERA Board of Retirement

**From:** Kristie Santos, Plan Administrator

**Subject:** Update on CPAS pension system.

**Item Number:** 2

**Item Type:** Discussion

**Discussion:**

On February 13, 2020 staff presented and the board approved a proposed CPAS Data and Training Plan (plan attached). Objectives of the plan were focused in three areas: data cleansing, customized end user training and new tier implementation.

In March of 2020 the pandemic began and this significantly has affected the completion of this plan. However, the staff and CPAS created twice a month standing meetings where staff resolve member data related issues and also receive live training and guidance from CPAS via Zoom. The meetings have significantly improved the staff's understanding of the CPAS system and have also improved the communication/productivity of both teams.

Below is an update on the following:

1. Data Cleansing:
  - Pre-legacy retirements; These had issues with survivor amounts, death dates, COLA base year data and calculations and other system payout issues.
  - Death date inconsistencies; staff reviewed over 400 beneficiary files to correct inaccurate death date conversions.
  - Survivor amounts and COLA base data; CPAS completed a comprehensive COLA training and illustrated system tools to assist staff in correcting COLA specific data instead of relying on CPAS.
  - Benefit formula configuration; system formula data has been reviewed and staff began to make corrections. The focus of this area is to eventually trust the system to accurately account for all benefit calculations without the need for staff's manual calculation confirmation. Some issues include those members with both general and safety service and members with early retirement formulas.
  - Members with disability tax free amounts; a full training needs to be completed.
  - Ongoing 1099 issues; this process has been improving this each year. Staff have continued to work with CPAS to clean up the data as needed for this annual process.
2. End User Training focus on learning the technical aspects of CPAS and also the administrative processes related to the following:
  - Navigator Training including CPAS architecture; this is needed for the management team. The training will focus on the backend part of the system where administrative, tools, security, rules are held. This has not been a

significant portion of the plan because member related corrections and training on the live system have been the priority. CPAS is located in Toronto, Canada and this in depth will require travel. Due to Covid, this has been postponed.

### 3. Process Oriented Training:

- Training related to COLA has been completed and staff now understand and use CPAS available tools to accurately process COLA payouts. Data corrections have been incorporated into the member data.
- Death processing training has begun and a strong improvement in CPAS calculation accuracy has occurred. This area will soon be completed.
- CPAS also provided training materials for single payment disbursement processing.
- Formulas have been updated in the system to reflect accurate calculations. Staff perform manual calculations for all retirement accounts as a confirmation of CPAS accuracy. It is evident by the increased accuracy of the system that the project has made a positive impact.
- Several areas continue to require focused training (i.e., purchase of service, IRS 415 Limits, disability processing). However, CPAS responds quickly when needed by staff to resolve a member record issue. There is an increased confidence in the system due to the specialized focus of the CPAS team to MercedCERA's needs.
- Trainings on Annual Processing (member statements, 1099's, Active Payroll, Workflow Configuration will be scheduled.
- New Tier Implementation: This component has not begun due to the attention required in the other areas. This is needed because certain members are included in Tiers with different retirement formulas. These records should be placed in their appropriate (new) tiers and valued.

The implementation by CPAS to meet twice a month has made a drastic positive impact not only to the relationship with CPAS staff, but the overall understanding of the system's backend use.

The previous practice of manipulating the system to provide the output we desired, without fully understanding how the system is set up, is no longer the standard approach. Now, staff quickly coordinate a work order with CPAS to assist in not only resolving the issue but are open to understanding how it is connected to other aspects of the member's record.

Overall this training plan has been very beneficial and has given all staff a deeper understanding of the data that drives CPAS and CPAS itself. Staff now realize that our CPAS system is data driven and more in-depth attention to data should always be the focus.



CPAS Systems Inc.

250 Ferrand Drive,  
Suite 700  
Toronto, Ontario  
M3C 3G8

Tel: (416) 422-0563  
Fax: (416) 422-5617  
Email: info@cpas.com  
www.cpas.com

## CHANGE ORDER

**License/Contract Number**                    **1010025.5**

**Support Services Agreement Dated**    **January 1, 2020**

**Request Number**                            **CR103573 Data Cleansing, Training and New Benefits Tier Implementation**

This Change Request is issued under the terms of the above Agreement(s) between CPAS and Client, the terms of which are incorporated herein by reference.

**Client Requesting Service**            **Merced County Employees' Retirement Association (MCERA)**

**Date Originated**                        **January 1, 2020**

**CPAS Contact**                            **Heidi Fischenbeck**

**Client Contact**                         **Kristen Santos**

### 1. Services to be performed

#### **Description**

MCERA would like to engage CPAS in an initiative that would assist them in improving their day to day pension administration activities and their related processes by maximizing the use of the CPAS v5 application. The following areas will form the basis of the initiative.

#### **1) Data Cleansing**

Data quality is critical in any pension system to ensure that the member's final benefit is accurate and that all other data points and financial aspects of the system are in balance. Ongoing data challenges prevent MCERA staff from effectively executing their day to day tasks and from using the CPAS system to its fullest capability. In order to remedy this situation CPAS in partnership with MCERA will analyze the data deficiencies and develop a plan to address the most critical and impact full issues first. We anticipate a 30 to 60 day duration for the development of the initial plan.

#### **2) Customized end user training:**

A holistic understanding of the technical components, build in processes of the CPAS v5 application and knowing how to trouble shout issues are key for the effective utilization of the application. Targeted, customized end user training will be instrumental in achieving this objective.

#### **3) New Benefit Tier implementation**

Efficiencies can be gained by simplifying the implementation of a new benefit tier. A review of the current requirements and implementation approach will be conducted in order to identify optimization opportunities

The specific details for each area are further described in the details section of this Change Order.



## Details

### Data Cleansing

As a result of historic (pre legacy) data deficiencies MCERA staff frequently manipulate data in order to produce accurate pension estimates and payments. Manual data manipulation, if not done correctly, can introduce new downstream errors in the system. Data deficiencies also prevent staff from effectively performing day to day tasks, and from using the CPAS system to its fullest capability.

The goal of this initiative is to correct data issues by creating automated scripts where possible and document the data issues that require manual correction of the source data.

In order to address data deficiencies impacting MCERA operations, CPAS in partnership with MCERA, will develop a plan to address the most critical and impactful issues first.

The following are examples of critical issues, needing to be addressed:

- Members who retired prior to Pre-Legacy system have issues with optional forms, spousal amount, cola base etc.
- Members with disability tax free amounts
- Ongoing 1099 issues

After the identification of the remaining data issues, CPAS and MCERA will jointly create reports and queries to identify and refine the impacted population, conduct a root cause analysis and determine how best to address the issue.

After corrections to the data have been made, the corrections will be validated by rerunning reports and queries until issues have been addressed.

When applicable, data validations will be added to members with corrected data to ensure that the data is reviewed prior to finalizing a Member Benefit.

For data that cannot be corrected automatically the data correction wizard where possible will be used.

### Customized End User Training

Based on discussions with MCERA in order to get a holistic understanding of the CPAS v5 application, the training will focus on both the technical aspects of the application as well as the administrative and processes related areas as outlined in the sections below:

#### 1) Technical Training Modules:

Recommended technical training allowing MCERA to gain a better understanding of the CPAS v5 application are as outlined in the table below:

<b>Navigator Training</b>	<b>Estimated Duration</b>	<b>Reporting</b>	<b>Estimated Duration</b>
<b>Topics covered:</b> <ul style="list-style-type: none"><li>• How to access Navigator</li><li>• Basic Navigator training</li><li>• CPAS v5 Architecture</li></ul>	7.5 Hours	<b>Topics covered:</b> <ul style="list-style-type: none"><li>• CPAS v5 data structures</li><li>• Ad Hoc Reports</li><li>• Other Reporting Queries (PL/SQL)</li><li>• Cognos Reports – Adhoc Queries</li></ul>	15 hours

Note: onsite training is recommended for the more technical components of this module

2) Process Oriented Training Modules:

Recommended process oriented modules allowing MCERA to gain a better understanding of the CPAS v5 process flows and their dependencies are as outlined in the table below:

<b>End to End Processing</b>	<b>Estimated Training Duration</b>	<b>Trouble Shooting</b>	<b>Estimated Training Duration</b>
<b>Topics covered:</b> <ul style="list-style-type: none"> <li>• Purchase of Service</li> <li>• Retirement</li> <li>• Disbursements</li> <li>• General Ledger</li> <li>• Disability</li> <li>• Cola</li> <li>• Death</li> <li>• 415 limit</li> </ul>	30 hours	<b>Topics covered:</b> <ul style="list-style-type: none"> <li>• Calculations – Understanding Details of Calculation</li> <li>• Credit Interest &amp; Manage Data</li> <li>• Disbursements &amp; Manage Retirees</li> <li>• COLA &amp; Manage Retirees</li> <li>• 1099Rs and Manage Retirees</li> <li>• Downstream Impacts</li> </ul>	15 hours

Note: hours for the training days for the technical and process oriented modules are included in the cost section of this CR.

3) Other training consideration:

In order to gain more efficiencies for annual process and incoming files such as Active Payroll MCERA may also wish to consider to receive training on:

<b>How to prepare for annual processes</b>	<b>Manage Tasks</b>	<b>Active Payroll Processes</b>	<b>Workflow Configuration</b>
<b>Topics covered:</b> <ul style="list-style-type: none"> <li>• 1099Rs</li> <li>• Credit Interest</li> <li>• COLA</li> <li>• Year End Statements</li> <li>• Valuation</li> <li>• Batch reporting and scheduling</li> </ul>	<b>Topics covered:</b> <ul style="list-style-type: none"> <li>• Optimal Usage/Best practice</li> </ul>	<b>Topics covered:</b> <ul style="list-style-type: none"> <li>• Errors and Warnings</li> <li>• Enrollments</li> <li>• Calculation Sweep Batch</li> <li>• Data Posting</li> </ul>	<b>Topics Covered</b> <ul style="list-style-type: none"> <li>• CPAS Tools</li> </ul>

Note: an allowance of 20 training hours has been made in the cost section of this CR. Training for the table above can be chosen based on hours available.

**New Benefits Tier Implementation**

The current approach used to implementing a new tier is causing undesired downstream impacts for re enrolled members. In order to simplify the implementation of a new tier CPAS in partnership with MCERA will:

- Review the requirements to implement a new tier
- Review the approach used to implement the new tier

- Recommend a simpler method
- Provide guidance to MCERA for the implementation of new tiers

### In Scope

The following items are considered in scope for this multi part Change Request:

- Preparation of an initial plan outlining the issues and path to resolution
- Data cleansing and training as described in the details section are in scope for this Change Request
- Please note: we have limited the activities based on the hours in the Cost section.

### Out of Scope

Any additional hours spent on the data cleansing, training or new tier implementation over what has been allocated in the Cost section below, are considered out of scope and may be subject to additional fees.

### Justification

The overall goal of this initiative is to improve day to day administrative tasks and not create additional burden. In order to mitigate the ongoing data issues, to simplify the administration and the time it takes to provide services to their membership MCERA wishes to address the historic data issues. Additional customized training will aid in the further understanding and expectation how the system is expected to operate.

### Impact Analysis

There are no downstream impacts to other functions of the system as a result of this service request.

### Cost Impact

The table below indicates the cost impact of executing the work associated with this Change Request. Please refer to the Payment Plan section of the CR for a breakdown of when fees would be due.

Task	Hours	Cost
<b>Data Cleansing</b>		
Data Cleansing Preparation (environments)	10	\$ 1,750.00
Reviewing and confirming known issues	25	\$ 4,375.00
Developing data queries/reports	75	\$13,125.00
Develop data cleansing and update queries/reports (automated cleansing)	75	\$13,125.00
Develop additional queries as required	40	\$ 7,000.00
Additional data validations	20	\$ 3,500.00
Data reconciliation	40	\$ 7,000.00
Project Management	15	\$ 2,625.00
<b>Data Cleansing Cost</b>	<b>300</b>	<b>\$52,500.00</b>
<b>Training</b>		
Preparation	20.0	\$ 3,500.00
Training	87.5	\$ 15,312.50
Environment setup	4	\$ 700.00
<b>Training Cost</b>	<b>111.50</b>	<b>\$19,512.50</b>
<b>New Benefit Tier</b>		
Review Requirements	4	\$ 700.00
Document proposed changes and impact	8	\$1,400.00
Update configuration	15	\$2,625.00
Functional testing	15	\$2,625.00
Regression testing	15	\$2,625.00
Develop test case and scenarios for both functional and regression tests	10	\$1,750.00
Project Management	7	\$1,225.00

<b>New Benefit Tier Cost</b>	<b>74</b>	<b>\$12,950.00</b>
<b>Total Cost</b>	<b>485.50</b>	<b>\$84,962.50</b>

### Payment Plan

The table below outlines the payment plan for the Change request:

<b>Payment Milestone</b>	<b>Payment Amount</b>	<b>Payment description</b>
Execution of the CR	\$ 42,481.25	50% of Total Payment
Preparation of Data Cleansing Plan	\$ 6,125.00	Data Cleansing Plan
Data Cleansing Progress Payment 1	\$ 10,062.50	Progress Payment 1 as defined in the Data Cleansing Plan
Data Cleansing Progress Payment 2	\$ 10,062.50	Progress Payment 1 as defined in the Data Cleansing Plan
Navigator Training	\$ 1,181.25	Training payment
Reporting Training	\$ 1,837.50	Training payment
End to End Process Training	\$ 3,150.00	Training payment
Trouble Shooting	\$ 1,837.50	Training payment
Other Training	\$ 1,750.00	Training payment
New Benefit Tier	\$ 6,475.00	New Benefit Tier evaluation payment

### 2. Additional Terms and Conditions:

- (a) This Change Request will be considered void unless approved within 30 days of the date of issue.
- (b) All fees in this Change Request and subsequent amendments are quoted in USD.
- (c) All services must be pre-approved by Licensee. Invoices will include taxes where applicable.
- (d) Licensee payment option:
  - I. Refer to the Payment Plan Section of this Change Request.
- (e) Any change to this Change Request must be made in writing.
- (f) Licensee must provide CPAS with expected results, test cases and test scenarios associated with this Change Request.
- (g) This is a not to exceed Change Request, the CPAS effort expended on the data cleansing tasks will not exceed the total hours (485.50 hrs.) quoted above.

#### Notes:

1. CPAS project hourly and daily rates as of the date of this Agreement are at blended hourly rate of \$175 per hour.
2. The above cost quotation is based on information provided by the Client to CPAS as of the date of this quotation. If requirements change additional costs may accrue.
3. The above quoted services do not include Travel and Expenses (T&E).

### 3. Payment Options

Please confirm the payment option:

Refer to the Payment Plan section of the Change Request.

<b>Change Request Decision</b>			
Change Status:	<input type="checkbox"/> Accepted <input type="checkbox"/> Rejected	Date Reviewed:	

**CPAS Systems Inc.**

**Merced County Employees' Retirement Association (MCERA)**

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**Lori Walsh  
Vice President**

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**Kristen Santos  
Retirement Plan Administrator**

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**Date**

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**Date**