MercedCERA RETIREMENT BOARD AGENDA
THURSDAY, SEPTEMBER 08, 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=NGhFeGltSVhaSTlsK2JGWE83TVFydz09
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 – August 11, 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. Bass Jr., William	Sheriff-Corrections	14 Yrs. Svc.	Eff: 08/13/2022
b. Munekawa, Robert	HSA	1 Yrs. Svc.	Eff: 09/07/2022

c.	Elgin, Sharyl	Probation	18 Yrs. Svc.	Eff: 09/03/2022
d.	Conchas, Maria	Public Services	06 Yrs. Svc.	Eff: 08/03/2022
e.	Crain, Diane	H.S.A.	23 Yrs. Svc	Eff: 08/30/2022
f.	Cole, Rhonda	District Attorney	01 Yrs. Svc	Eff: 09/02/2022
g.	Winters, Richard	IS	17 Yrs. Svc	Eff: 09/05/2022

YTD fiscal year 2022/2023 retirees: 16
YTD fiscal year 2021/2022 retirees: 96
YTD fiscal year 2020/2021 retirees: 89

MONTHLY BUDGET REPORT: Delayed due to year end closing.
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.

BOARD ACTION/DISCUSSION
1. Discussion and update on CPAS training project – Staff.
2. Discussion and possible action to appoint an ad hoc subcommittee to review MercedCERA bylaws – Chair.
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:
   - 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.
   - September 22, 2022
   - October 13, 2022

ADJOURNMENT

MercedCERA RETIREMENT BOARD MINUTES
THURSDAY, AUGUST 11, 2022 – 8:15 A.M.
MERCED COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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CALL TO ORDER - 8:15 A.M.

ROLL CALL
Board Members Present: Ryan Paskin, Alfonse Peterson, Scott Silveira (left at 9:31AM), Scott Johnston, David Ness, Mike Harris, Aaron Rosenberg and Karen Adams. *Absent:* Janey Cabral. *Counsel:* Jeff Grant. *Staff:* Kristen Santos, Brenda Mojica, Monica Gallegos, Sheri Villagrana, Mark Herman, Kenter Ludlow and Wendy Calderon.

APPROVAL OF MINUTES – July 28, 2022
The MercedCERA Board voted unanimously via roll call vote to approve the July 28, 2022 meeting minutes with the correction to reflect that during roll call, all trustees were present at the meeting.
Peterson/Johnston U/A (8/0)

PUBLIC COMMENT
No comment.

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
c. Patterson, Duane	HSA	29 Yrs. Svc.	Eff: 07/30/2022

      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:

Buy	Sell	Fund Name	Comments
	$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

The MercedCERA Board voted unanimously via roll call vote to approve the consent calendar as presented.
Adams/Harris U/A (8/0)

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
  (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
The MercedCERA Board gave staff direction.
Trustee Harris recused himself from closed session due to a conflict.

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.

The MercedCERA Board voted unanimously to adopt the resolution as amended with the red lines and with a range of $150,000 to $225,000.
Ness/Harris U/A (8/0)
2. Discussion regarding an update on MercedCERA's CPAS pension system – Staff.
Item pulled from agenda for future meeting.
3. Discussion with Raven Capital Management– Josh Green.
No action taken.
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)
No action taken.

INFORMATION ONLY
None.

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 meeting adjourned at 9:38 A.M.

Accepted By,

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

MERCED CERA
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:
   o Pre-legacy retirements; These had issues with survivor amounts, death dates, COLA base year data and calculations and other system payout issues.
   o Death date inconsistencies; staff reviewed over 400 beneficiary files to correct inaccurate death date conversions.
   o 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.
   o 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.
   o Members with disability tax free amounts; a full training needs to be completed.
   o 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:
   o 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:
   o 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.
   o Death processing training has begun and a strong improvement in CPAS calculation accuracy has occurred. This area will soon be completed.
   o CPAS also provided training materials for single payment disbursement processing.
   o 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.
   o 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.
   o Trainings on Annual Processing (member statements, 1099's, Active Payroll, Workflow Configuration will be scheduled.
   o 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.

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 preforming 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:

Navigator Training	Estimated Duration	Reporting	Estimated Duration
Topics covered: - How to access Navigator - Basic Navigator training - CPAS v5 Architecture	7.5 Hours	**Topics covered:** - CPAS v5 data structures - Ad Hoc Reports - Other Reporting Queries (PL/SQL) - Cognos Reports – Adhoc Queries	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:

End to End Processing	Estimated Training Duration	Trouble Shooting	Estimated Training Duration
Topics covered: • Purchase of Service • Retirement • Disbursements • General Ledger • Disability • Cola • Death • 415 limit	30 hours	**Topics covered:** • Calculations – Understanding Details of Calculation • Credit Interest & Manage Data • Disbursements & Manage Retirees • COLA & Manage Retirees • 1099Rs and Manage Retirees • Downstream Impacts	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:

How to prepare for annual processes	Manage Tasks	Active Payroll Processes	Workflow Configuration
Topics covered: • 1099Rs • Credit Interest • COLA • Year End Statements • Valuation • Batch reporting and scheduling	**Topics covered:** • Optimal Usage/Best practice	**Topics covered:** • Errors and Warnings • Enrollments • Calculation Sweep Batch • Data Posting	**Topics Covered** • CPAS Tools

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
Data Cleansing		
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
Data Cleansing Cost	**300**	**$52,500.00**
Training		
Preparation	20.0	$ 3,500.00
Training	87.5	$ 15,312.50
Environment setup	4	$ 700.00
Training Cost	**111.50**	**$19,512.50**
New Benefit Tier		
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

New Benefit Tier Cost	**74**	**$12,950.00**
Total Cost	**485.50**	**$84,962.50**

Payment Plan

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

Payment Milestone	Payment Amount	Payment description
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.

Change Request Decision			
Change Status: ☐ Accepted ☐ Rejected		Date Reviewed:	

CPAS Systems Inc.

Merced County Employees' Retirement Association (MCERA)

Lori Walsh
Vice President

Kristen Santos
Retirement Plan Administrator

Date

Date