

**Date:** January 17, 2024  
**To:** Board of Retirement  
**From:** Doris L. Rentschler, Executive Director  
**Subject:** January Administrative Report

## Administrative and Operations Update

### WAIVER OF RECOURSE PREMIUM:

Payment of the Waiver of Recourse premium (\$9) is due today. If you have not already paid, please remit payment to Judy. Waiver of Recourse coverage prevents the insurance company from pursuing individual trustees to recoup a covered loss.

### MEMBER STATUS CONFIRMATION PROJECT UPDATE:

Between December 5<sup>th</sup> and December 13<sup>th</sup>, staff sent 135 status confirmation letters to benefit recipients who were ages 84 and over. MCERA received two notifications the death of a member after the confirmation status notice was sent, and notification of the death of a member prior to mailing the notice. The deaths are not included in table of responses below.

As of January 12<sup>th</sup>, 76 completed confirmation responses were received – a 57.1% response rate.

#### Summary of Confirmation Response Methods

Submitted By	By Mail	In Office	Alternate	Total
Recipient	37	34	2	73
Recipient's POA	2	1	-	3
<b>Totals</b>	<b>39</b>	<b>35</b>	<b>2</b>	<b>76</b>

Beyond confirming the recipient's status, MCERA received two (2) Power-of-Attorney documents that were not already on file and one address update.

The response rate has been very good and is likely attributable to courtesy calls made to recipients prior to mailing the Status Confirmation letters to explain why they would be receiving the letter. Additionally, the December Newsletter also included an article explaining the confirmation project.

Staff man-hours were higher than projected in the November 15, 2023 Board memo due to the following reasons: courtesy calls made in advance of mailing; mailings were prepared in small batches in-house rather than use of MCERA's mail service provider; and the initial project set up (selection of members, tracking log, etc.) and lack of first-hand experience with this project was needed to more accurately estimate the man-hours.

Project man-hours at the end of December totaled 90.5 hours at a cost of \$1,951 with an additional printing and mailing costs of \$120. Future efforts should benefit from this experience and man-hours would be expected to reduce slightly. Man-hours could be reduced by omitting the courtesy calls from future undertakings.

## **COURT OF APPEAL UPHOLDS COMPENSATION EARNABLE DECISION**

The California Court of Appeal recently upheld the decision that the Ventura County Employees Retirement Association (VCERA) properly excluded leave cash out payments in excess of the amount a member was permitted to cash out on an annual basis under the member's MOU from compensation earnable for pension benefits.

Currently, this decision is not published, which means that it only applies to VCERA and cannot be cited as precedent by any other retirement system. This decision is relevant to other CERL systems because like VCERA, MCERA and other systems similarly limited the amount of leave cash out payments that can be included in compensation earnable to the amount permitted by the member's MOU. As such, counsel for VCERA asked other systems to send a letter to request the court publish the decision. I will be joining several other systems in sending such a request to the court.

### **FIDUCIARY COUNSEL UPDATE:**

Effective January 1, 2024, hourly rates for our fiduciary attorneys with Nossaman LLP increased. Nossaman continues to offer MCERA a small-plan longevity-based discount of 15% discount off of Ashley Dunning's standard hourly rate for advice and counsel services, and a 10% discount off her hourly rate for litigation services that are covered by MCERA's fiduciary insurance. Additionally, the proposal includes a 10% discount off legal fees for all others. Ms. Dunning's hourly rates are \$659 for advice and counsel and \$696 for covered litigation services.

### **PENSIONGOLD UPDATES:**

Testing of the tax update is complete and the Separate Accounts update is targeted to be released for testing in late February.

### **SACRS BOARD ELECTION AND SACRS LEGISLATIVE UPDATE:**

Please see the SACRS Election Notice. Nominations for the 2024-2025 SACRS Board of Directors are due to the Nominating Committee by March 1, 2024.

Please see the attached December 2023 and January 2024 legislative updates.