



**MENDOCINO COUNTY
EMPLOYEES
RETIREMENT
ASSOCIATION**

**STRATEGIC PLAN
FY 2023-2027**

ADOPTION DATE: MAY 18, 2022

REVISED FEBRUARY 12, 2026



**MENDOCINO COUNTY EMPLOYEES
RETIREMENT ASSOCIATION**

INTRODUCTION

Standing the Test of Time in Service of Our Members

The iconic redwood forests and scenic wineries that Mendocino County is known for have stood the test of time, and so, too, has the Mendocino County Employees Retirement Association (“MCERA”). MCERA has been a pillar in the local community and a contributor to the County’s economy for nearly 75 years.

Founded in 1948, MCERA provides pension, disability, and survivor benefits to current and retired employees of Mendocino County, its Superior Court, and the Russian River Cemetery District. Through providing reliable monthly income for retirement, MCERA supports its retirees’ and beneficiaries’ financial well-being. Through professional investment management and administration of employee and employer retirement savings, MCERA’s members can feel confident that a secure retirement future is within their reach as they provide valuable services today to meet the needs of the local community and families they serve.

At MCERA, we are proud to be of service to those who serve our community and of our role in the local economy. Financially secure retirees and their beneficiaries support businesses and industries to contribute to a vibrant, thriving County. Our collective long-term health depends upon these continued productive interrelationships.

With an eye to the past, the MCERA Board of Retirement (“Board”) and its staff (“Staff”) embarked on a collaborative process to

intentionally prepare for the future. Together they developed a five-year strategic plan for the fiscal years 2023 through 2027. Critical steps in the process included the following activities:

- Gathering and analyzing sentiment from MCERA stakeholders including representatives of participating employers, members, retirees, and beneficiaries, and select consultants to the Board,
- Conducting a comprehensive assessment of MCERA’s internal and external operating environment, including strengths, weaknesses, opportunities, and threats (S.W.O.T. Analysis),
- Developing a 10-year future vision of a successful MCERA,
- Identifying critical themes and significant priorities that required a strategic response from MCERA, and
- Engaging in discussion on issues vital to MCERA’s continued long-term viability.

Through the work completed by the Board and Staff, MCERA developed its strategic plan (“Strategic Plan”). In doing so, MCERA is blending the milestones and experiences of its rich history with its future aspirations.

The Strategic Plan depicts the first five years of a ten-year journey to make improvements on multiple fronts by building on the past. It reflects what the Board and Staff collectively aspire to achieve on behalf of MCERA’s members, retirees, and beneficiaries. The Strategic Plan sets out goals and objectives that MCERA will advance over the next five-year period. The intended outcome is that MCERA will enhance its operations and services while maintaining its unwavering commitment to sustain the Retirement Plan.

From our beginnings in 1948, MCERA now serves over 3,300 members and manages over \$686 million¹ in assets. In aligning MCERA’s strategy with its future vision, MCERA is setting a path to continue to stand the test of time in service of its members for the next decade and beyond. We cordially invite you to review MCERA’s Strategic Plan.

¹Market value of \$686,414,694

ABOUT THE COVER DESIGN

Mendocino County is rich in natural beauty. It is known for its iconic old growth redwood forests and scenic wineries. The cover design for the FY 2023-2027 MCERA Strategic Plan reflects an interpretation of two of Mendocino County’s nature-based industries that are key drivers of the local economy. The abstract contrast of tree rings symbolizes strength, longevity, and resilience while the wineries symbolize prosperity and growth.

MISSION

Providing sustainable pensions, retirement planning education, and professional services to current and future members.

VISION

To be a trusted resource for a well-planned and secure retirement.

GUIDING PRINCIPLES

- We are mindful of the impacts to individual members when we fulfill our fiduciary role of making decisions in the best interests of all members.
 - We value professionalism, inclusion, and collegiality in doing our work.
 - We take the long term into consideration in everything we do while remaining adaptable and flexible in the short term.
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ASSESSING PRIORITIES

As part of the strategic planning process, MCERA evaluated its own performance across all areas of its internal operations. It also reviewed circumstances and trends externally – within the broader business and societal contexts - that could affect MCERA either positively or negatively. Strengths, weaknesses, opportunities, and threats (S.W.O.T. Analysis) on the immediate and near-term horizon were identified.

As a result, MCERA believes seven significant and interconnected priorities will most impact the Retirement Plan (“Plan”), its operations, and its membership and, therefore, deserve a focused response. The priorities are summarized in the illustration to the right.



STRATEGIC GOALS

MCERA's approach to addressing the issues on its immediate and near-term horizon requires a committed focus to advancing the following four goals:

GOAL 1

Protect the Plan's long-term financial health.

GOAL 2

Strengthen risk oversight.

GOAL 3

Improve effectiveness and efficiency through people, processes, and technology.

GOAL 4

Develop MCERA's reputation as a retirement benefits expert.

Further information on how MCERA intends to make progress towards these Goals in the coming five years follows.

GOAL 1

Protect the Plan's long-term financial health.

WHAT WILL SUCCESS FOR GOAL 1 LOOK LIKE?

MCERA's approach to delivering on these objectives will be successful if meaningful progress toward the following performance aspirations is realized within the first five years of MCERA's ten-year vision.

1. The Plan is considered sustainable.
2. The Plan is approaching full funding in accordance with reasonable Board adopted assumptions.
3. MCERA has invested strategically consistent with its long-term focus.
4. Long-term investment performance achieves the assumed rate of return.
5. MCERA's retirement benefits are an important driver of members' financial stability and quality of life.

GOAL 1 OBJECTIVES:

Objective A: *Explore alternative investment opportunities*

Measure: Completed Board decision, including investment consultant recommendation, as to whether to allocate alternative assets.

Target: FY 2022 - 2023 Status: Completed

Measure: Completed Board decisions with staff and investment consultant regarding alternative approaches to portfolio construction and investment opportunities.

Target: FY 2025 - 2027 Status:

Objective B: *Consider developing a position on ESG for MCERA*

Measure: Board determination made as to whether to address ESG in the Investment Policy Statement.

Target: FY 2022 - 2023 Status: Completed

Objective C: *Explore scenarios to further protect member benefits.*

Measure: Completed Board discussion of scenarios important to the long-term financial health of the Plan.

Target: FY 2023 - 2024 Status: Completed

Measure: Completed Board discussion regarding liability driven and cashflow driven investing.

Target: FY 2025 - 2027 Status:

Key actions to be taken each year to further this Goal and its objectives are defined separately through MCERA's Annual Action Plan set by the Executive Director

GOAL 2

Strengthen risk oversight.

WHAT WILL SUCCESS FOR GOAL 2 LOOK LIKE?

MCERA's approach to delivering on these objectives will be successful if meaningful progress toward the following performance aspirations is realized within the first five years of MCERA's ten-year vision.

1. The Board and staff are forward-looking, responsible, and transparent in overseeing the risks that may pose the greatest impact to MCERA; there are no risk related surprises.
2. The Board operates at a policy level. Its oversight is focused on the right topics and its meetings are effective and efficient.

GOAL 2 OBJECTIVES:

Objective A: *Enhance the approach to identifying, monitoring and managing current and emerging risks.*

Measure: Developed a process for identifying, reporting and refreshing a short-list of current and emerging risks regularly reported to the Board.

Target: FY 2023 - 2024 Status: Completed

Measure: Evaluated Board meeting agendas to identify opportunities to optimize risk review.

Target: FY 2023 - 2024 Status: Completed

Measure: Completed discussion of the feasibility and benefits of an internal audit function.

Target: FY 2022 - 2023 Status: Completed

Measure: Completed discussion of the feasibility and benefit of a cybersecurity audit.

Target: FY 2022 - 2023 Status: Completed

Measure: Completed Board regarding watchlist criteria and benchmarks.

Target: Status:

Measure: Completed Board discussion on how to read and interpret actuarial, financial and investment reports from a risk perspective.

Target: Status:

Measure: Evaluate how the Board will function during business interruptions.

Target: Status:

Key actions to be taken each year to further this Goal and its objectives are defined separately through MCERA's Annual Action Plan set by the Executive Director

GOAL 2 OBJECTIVES CONTINUED:

Objective B: *Evaluate how the Board spends its time fulfilling its responsibilities.*

Measure: Reviewed Board meeting agendas and annual calendar process to better align with strategic objectives and risks.

Target: FY 2022 - 2023 Status: Completed

Measure: Established a Board annual self-evaluation process.

Target: FY 2022 - 2023 Status: Completed

Measure: Completed Board discussion of holding an educational off-site meeting every year.

Target: Status:

Measure: Facilitated Trustee meetings to increase stakeholder communication and develop potential Board members.

Target: Status:

Key actions to be taken each year to further this Goal and its objectives are defined separately through MCERA's Annual Action Plan set by the Executive Director

GOAL 3

Improve effectiveness and efficiency through people, processes, and technology.

WHAT WILL SUCCESS FOR GOAL 3 LOOK LIKE?

MCERA’s approach to delivering on these objectives will be successful if meaningful progress toward the following performance aspirations is realized within the first five years of MCERA’s ten-year vision.

1. MCERA’s highly qualified, engaged, and inclusive Board is well-respected and admired for being attuned to the interests of MCERA’s members, retirees, and beneficiaries.
2. The Board and Staff are reflective and strategic. They anticipate ways to improve in response to member feedback.
3. MCERA has thoughtfully balanced its reliance on the County to support its core business operations.
4. The Board and Staff have created continuity for MCERA by intentionally developing the skills, knowledge, and talent of its people to match future business needs.
5. Effectiveness, efficiency, and ethics are the cornerstones of MCERA’s education, benefits, and services delivery.
6. MCERA’s use of technology advancements has streamlined operations, improved efficiency, and expanded services while upholding strong system security.

GOAL 3 OBJECTIVES:

Objective A: *Improve business processes.*

Measure: **Completed documentation of critical business processes.**

Target: **FY 2022 - 2023** Status: **Completed**

Measure: **Identified and prioritized the manual processes to automate.**

Target: **FY 2022 - 2023** Status: **Completed**

Measure: **Completed Board discussion of feasibility of process automations.**

Target: **FY** Status:

Key actions to be taken each year to further this Goal and its objectives are defined separately through MCERA’s Annual Action Plan set by the Executive Director

GOAL 3 OBJECTIVES CONTINUED:

Objective B: *Align technology advancements to evolving business needs.*

Measure: Completed development of a technology roadmap, including timing, budget and business objectives, to identify a path forward.

Target: FY 2022 - 2023 Status: Completed

Measure: Explore how AI can be incorporated to improve effectiveness and service.

Target: FY Status:

Objective C: *Develop and implement a process to evaluate MCERA's core business operations.*

Measure: Identified where MCERA relies on the County for core business functions and support (i.e. Human Resources, Facilities Management, Information Technology).

Target: FY 2025 - 2026 Status: Completed

Measure: Completed the development of a process to periodically evaluate MCERA's continued reliance on the County versus sourcing services externally.

Target: FY 2026 - 2027 Status: Completed

Measure: Developed and instituted a process to periodically evaluate MCERA's core service providers, vendors and consultants.

Target: FY 2024 - 2025 Status: Completed

Objective D: *Develop and implement succession strategies for Staff and the Board to the extent possible.*

Measure: Discussed, identified, and agreed on longer-term succession planning strategies.

Target: FY 2023 - 2024 Status: Completed

Measure: Developed and implemented a periodic Board/Trustee training and education needs assessment.

Target: FY 2023 - 2024 Status: Completed

Key actions to be taken each year to further this Goal and its objectives are defined separately through MCERA's Annual Action Plan set by the Executive Director

GOAL 4

Develop MCERA's reputation as a retirement benefits expert.

WHAT WILL SUCCESS FOR GOAL 4 LOOK LIKE?

MCERA's approach to delivering on these objectives will be successful if meaningful progress toward the following performance aspirations is realized within the first five years of MCERA's ten-year vision.

1. MCERA is a well-managed, transparent, trusted partner. It's known for timely, accurate, reliable, and stable retirement benefits and high member satisfaction ratings.
2. Members find MCERA's education program and services useful. As a result, they feel informed and prepared about all stages of their retirement, and value their retirement benefits.
3. MCERA communicates to its members, retirees, and beneficiaries in a timely, clear, empathetic, and compassionate manner.
4. MCERA has developed productive and collaborative relationships with its plan sponsors, and closer relationships with members, retirees, and beneficiaries.
5. MCERA plays a valued role in its local community; its retirement benefits are appreciated for their positive local economic impact.

GOAL 4 OBJECTIVES:

Objective A: *Support the Benefits Correction Process.*

Measure: Completed all activities in compliance with IRS-approved plan.

Target: FY 2023 - 2024 Status: Completed

Objective B: *Assess the current usage of MCERA education, communication, and services to understand preferences, and develop baselines and appropriate targets.*

Measure: Completed survey to assess communication, education and service preferences and the needs of all stakeholders (i.e. active/deferred members, retirees/beneficiaries and sponsors/employers).

Target: FY 2023 - 2024 Status: Completed

Measure: Explored the use of social media for stakeholder communication.

Target: Status:

Measure: Completed Membership survey to determine changes in service satisfaction and communication preferences.

Target: Status:

Key actions to be taken each year to further this Goal and its objectives are defined separately through MCERA's Annual Action Plan set by the Executive Director

GOAL 4 OBJECTIVES CONTINUED:

Objective C: *Expand retirement education offerings.*

Measure: Plan developed to improve education to align with identified needs and prioritized preferences.

Target: FY 2024 - 2025 Status: Completed

Measure: Expanded in-person, virtual, and on-demand video training offerings.

Target: Status:

Objective D: *Broaden communications program and grow stakeholder relationships.*

Measure: Plan developed to improve outreach to, and communication with, stakeholder groups to align with identified needs and prioritized preferences.

Target: FY 2024 - 2025 Status: Completed

Objective E: *Broaden communications program and grow stakeholder relationships.*

Measure: Plan developed to address incremental improvements in services to align with prioritized preferences.

Target: FY 2024 - 2025 Status: Completed

Key actions to be taken each year to further this Goal and its objectives are defined separately through MCERA's Annual Action Plan set by the Executive Director