

## MINUTES

### SPECIAL MEETING OF THE FINANCE AND RISK MANAGEMENT COMMITTEE MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

Retirement Board Conference Room  
One McInnis Parkway, 1<sup>st</sup> Floor  
San Rafael, CA

July 8, 2009 8:00 A.M.

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**EVENT CALENDAR** 8:00 A.M. Finance and Risk Management Committee meeting

**CALL TO ORDER** Chair Arrigoni called the meeting to order at 8:10 A.M.

**ROLL CALL** Present: Arrigoni, Bolger, Given, Phillips, Richardson, Sweet  
Absent: None

#### A. **OLD BUSINESS**

1. **Administrative Budget FY09-10 (Action)**

Consider and make recommendations to Board regarding adoption of administrative budget for FY 2009-2010

Administrator Benner reported that the current year budget is zero-based, and therefore is not directly comparable to prior year budgets, and is based on 18 basis points of plan assets plus \$1MM for IT expenses. In response to questions regarding the year to year increase in salary and benefits, the Administrator spoke to the fact that the budget remained steady year to year and that she had forgone her cost of living adjustment in response to the current economic circumstances.

Trustee Richardson noted that other departments were reducing budgets and questioned why MCERA was not. The Administrator explained that County cutbacks were in response to a decrease in the general fund which did not impact MCERA. She also noted that the unique responsibilities borne by MCERA necessitated adequate staffing be maintained. She referred to a recent survey performed by the HR consultant that queried staff regarding what impeded their ability to get work done, and their response that staffing levels were inadequate. She also noted that additional audit requirements require additional oversight by staff. She also referred to the Board's mandate to hire mid-level managers, and stated the only way to reduce costs is to cut back on service levels or implementation of the new benefits administration system. She also pointed out that the recommended cut back on extra hires in favor of regular employees increased overhead by 40% due to the addition of benefits, so that the expense associated with a \$50,000 extra hire would increase to \$70,000 upon conversion.

The Chair and several Committee members requested additional details on the proposed budget and suggested that the committee recommend adoption of the prior year's budget as an interim measure, pending the submission of additional supporting documentation.

It was M/S Phillips/Bolger to recommend that the Board adopt the FY08-09 budget as an interim budget for FY09-10 pending submission of additional supporting documentation.

AYES: Arrigoni, Bolger, Given, Phillips, Richardson, Sweet  
NOES: None  
ABSENT: None  
ABSTAIN: None

Noting it was not the intent of the Committee to micro-manage, the Chair requested that the Administrator submit an updated budget that included a more detailed explanation of various budget items. Trustee Bolger requested a cost for each program. The Chair stated his expectation that development of a final budget would require several additional meetings, and requested that the committee provide clear direction to the Administrator.

Trustee Bolger suggested that MCERA's retained outside accountant John Maher of Maher Accountancy be requested to assist the Administrator with the budget layout. The Committee agreed. Chair Arrigoni said that Maher would assist in reformatting the budget to include details of staffing costs and to break down the budget into costs associated with business priorities. Benner referred the Committee to the staffing detail attached as an exhibit.

Counsel Dunning reminded the Committee that the Chair and Administrator should be the point people to work with the consultant. Counsel Dunning said that two Committee members can meet with the Administrator; however, three would be too many as there would be a quorum. Chair Arrigoni suggested July 14 at 8:30 A.M. for the next meeting.

## 2. Budget Update FY08-09

- Administration

Trustee Bolger requested a review of legal fees and Counsel Dunning explained the details. Trustee Bolger noted that she was not questioning the costs, but was seeking to understand them. The Administrator confirmed that legal expenses are an expense of the Trust. Counsel Dunning said that she and the Administrator maintain a list of outstanding projects. Trustee Phillips cautioned that legal costs will be directly related to the number of investment managers and should be balanced with the need to diversify and manage risk. Trustee Bolger suggested reviewing legal costs quarterly, and the Chair concurred. Trustee Given asked that actual costs versus budgeted costs be shown as part of the quarterly review. The Administrator discussed the difficulty experienced by staff in converting SAP details into the budget format and suggested programming time be invested in making the conversion less time consuming.

Trustee Given said while the prior-year data is a good start, cash reconciliation between MCERA and the County was still outstanding, and questioned a \$12.5 million discrepancy. Administrator Benner responded that if the County does not have good numbers, then MCERA cannot reconcile to them. Benner noted that \$2.4 million in the Treasurer's account remained to be reconciled, and that the County is working to remap the data. Chair Arrigoni expressed a desire to resolve this issue.

- Other  
None.

3. Review and Discussion of Future Staffing Needs  
None.

**B. NEW BUSINESS**  
None.

**C. OPEN TIME FOR PUBLIC EXPRESSION**  
None.

There being no further business, the meeting was adjourned at 9:09 A.M.

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Peter Arrigoni, Chair

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Attest: Charnel Benner, Administrator