

MINUTES

FINANCE AND RISK MANAGEMENT COMMITTEE MEETING MARIN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

Retirement Board Conference Room
One McInnis Parkway, 1st Floor
San Rafael, CA

January 6, 2010 - 9:00 A.M.

CALL TO ORDER Chair Arrigoni called the meeting to order at 9:08 A.M.

ROLL CALL PRESENT: Arrigoni, Bolger, Richardson, Sweet

ABSENT: Phillips, Given

MINUTES

It was M/S Richardson/Sweet to approve the November 30, 2009, Finance and Risk Management Committee meeting Minutes as submitted. The motion passed by a unanimous vote.

A. OPEN TIME FOR PUBLIC EXPRESSION

B. OLD BUSINESS

1. **Administrative Budget FY 2009-10 (Action)**
 - a. Discuss issues regarding Administrative Budget

Acting Retirement Administrator Tom Ford explained the development of the proposed FY 2009/10 Administrative Budget. He noted that salary and benefit levels remained as approved in July, as he expects salaries to be under budget; as a result, no staff reductions are anticipated, with some overtime provided for in order to be responsive to member requests. Extending CPAS depreciation to twelve years eased budget constraints. A delay in implementation of the system allows for quality control as well as the presence of the anticipated new Retirement Administrator.

Other adjustments to the previously approved budget include transferring health care administrative costs and investment-related expenses out of the administrative budget, prompting concern expressed by Trustee Bolger as to the policy shift of transferring investment expenses to the Fund. Mr. Ford also increased the budget ceiling by including the entire \$1 million allowed for IST, explaining that it encompassed all budget categories so long as there is a qualifying expense. Mr. Ford recommended using the FY 2008/09 asset value (as opposed to FY 2007/08) for the 18 basis point calculation.

- b. Consider and make recommendations to Board regarding adoption of Administrative Budget for FY 2009-10

It was M/S Richardson/Arrigoni to approve the FY 2009/10 Budget as submitted. The motion passed by a unanimous vote.

C. NEW BUSINESS

1. Budget Policy and Reporting
Discuss development of Budget Policy and Reporting

Mr. Ford presented a proposed budget policy, welcoming comments and further development in advance of consideration by the Board in March. He expects the State legislature to approve legislation transferring the budget basis from assets to liabilities. A quarterly budget update will be provided in April, he added. Mr. Ford recommended maintaining the current staff, stating that any reduction would have a significant negative impact to member services.

There was discussion as to the Committee's procedures. Areas offering the possibility of expense abatement were examined, with Trustee Bolger encouraging review of the Woodmont fee structure in detail. She advised having the Retirement Administrator's expense sheets signed by a different person, and mitigating legal expenses. Trustee Richardson commented that selected investment management fees might be lowered in the face of recent underperformance.

There being no further business, the meeting was adjourned at 10:00 A.M.

Peter Arrigoni, Chair

Attest: Tom Ford, Acting Retirement Administrator